

86TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 514

VETERANS' READJUSTMENT ASSISTANCE
ACT OF 1959

REPORT
OF THE
COMMITTEE ON LABOR AND
PUBLIC WELFARE
UNITED STATES SENATE
EIGHTY-SIXTH CONGRESS
FIRST SESSION
ON
S. 1138
TOGETHER WITH
INDIVIDUAL AND MINORITY VIEWS



JULY 14, 1959.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1959

34006

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VETERANS' READJUSTMENT ASSISTANCE ACT OF 1959

JULY 14, 1959.—Ordered to be printed

Mr. YARBOROUGH, from the Committee on Labor and Public Welfare,
submitted the following

R E P O R T

together with

INDIVIDUAL AND MINORITY VIEWS

[To accompany S. 1138]

The Committee on Labor and Public Welfare, to whom was referred the bill (S. 1138) to provide readjustment assistance to veterans who served in the Armed Forces between January 31, 1955, and July 1, 1963, having considered the same report favorably thereon with amendments and recommend that the bill as amended do pass.

MAJOR PROVISIONS OF THE BILL

The bill (S. 1138), entitled the "Veterans' Readjustment Assistance Act of 1959," has as its primary purpose the establishment of a balanced program of readjustment assistance for post-Korean veterans, i.e., persons who first entered on active duty in the Armed Forces after January 31, 1955.

The basic eligibility period of the bill extends from January 31, 1955, the officially declared termination date for establishing eligibility under the Korean GI bill, to July 1, 1963, the termination date of the compulsory draft law.

The vocational rehabilitation training program provided by the bill is limited to veterans with service-connected disabilities. The eligibility period for this program covers both post-Korean veterans and veterans who first entered military service between the end of World War II and the beginning of the Korean conflict.

Applicable throughout the bill is a requirement that a veteran, to qualify for assistance, must have been discharged under conditions other than dishonorable.

Three major types of readjustment assistance, patterned closely after the forms of assistance provided under the GI bills for veterans of World War II and the Korean conflict, would be available to post-Korean veterans under the provisions of S. 1138. These are—

- (1) Education and vocational training assistance.
- (2) Vocational rehabilitation training for veterans with service-connected disabilities.
- (3) Guarantee and direct loan assistance for the purchase of (a) homes, including homes on farms, and (b) farmlands, livestock, machinery and so forth, to be used in farming operations conducted by the veterans.

INTRODUCTION

Compulsory military service, because of its incompatibility with our traditions and national temperament, is not lightly imposed upon our citizenry. Only war, or the imminent threat of war from unfriendly powers, creates the conditions, which, by the values of our society, justify this extraordinary deviation from our free enterprise, individualistic way of life. When, as now, the need for large but limited forces conflicts with our sense of equity which expects equal national service from all, we are concerned to find that less than half of our young men will ever be compelled to serve in the Military Establishment. For overriding reasons of national policy, our draft exemption system allows those with sufficient financial and mental resources to exercise a great amount of discretion as to whether they will serve in the Armed Forces at all. Under such conditions, it becomes a matter of great national concern when some individuals have to carry a grossly disproportionate share of the burdens of citizenship.

Hitherto this concern has been expressed by the enactment of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Cong.) and the Veterans' Readjustment Assistance Act of 1952 (Public Law 550, 82d Cong.), popularly and respectively known as the World War II GI bill and the Korean GI bill. Typically American, with their emphasis on self-help and individual initiative, the programs established by these bills have furnished millions of our ex-servicemen the opportunity to overcome, in part, the years lost from civil life and to establish themselves in useful, productive occupations. Although the first of these programs is just now fading into history, it is already clear that the programs have had a profound and beneficial effect on American life. Veterans who availed themselves of the programs have raised their income and educational levels and, as a result, our society as a whole has been improved.

In listing the specific achievements of the programs, in a press release issued on June 22, 1954—the 10th anniversary of the World War II bill—the Veterans' Administration stated that:

Through the GI bill, World War II veterans have become the best educated group of people in the history of the United States.

Because of their training, they have raised their income level to the point where they now are paying an extra billion dollars a year in income taxes to Uncle Sam.

At this rate, GI-bill-trained veterans alone will pay off the entire \$15 billion cost of the GI education and training program within the next 15 years.

The GI bill programs have been of great national value also in providing the educational programs for professional, technical, and vocational skills that otherwise might have been irreplaceably lost. Indeed, our present shortages in certain essential occupations would be even more critical, perhaps catastrophic, had not these farsighted programs been provided by the Congress.

The contribution of the programs to the national welfare and national defense was emphasized in the Final Report of the Bradley Commission, which in 1955-56 made a study in depth of our veterans' education and training programs. The Commission's Final Report (p. 299) found that—

The veterans' educational program was a major contribution to the national welfare, and the country would be weaker educationally, economically, and in terms of national defense, if educators, veterans' organizations, the President, and the Congress had not seen fit to embark upon this new and momentous educational enterprise.

The Commission's finding is fully corroborated by official governmental statistics supplied to the committee by the Veterans' Administration. The following table shows the impressive number of World War II and Korean veteran enrollments in college courses which lead to professional or vocational objectives directly related to the national defense.

TABLE 1.—*Types of training entered by World War II and Korean veterans (selected data)*¹

	World War II	Korean	Total
Engineering.....	295, 732	145, 482	441, 214
Physics, chemistry and other natural sciences.....	107, 795	48, 630	156, 425
Teaching.....	278, 504	106, 030	384, 534
Medical and related.....	135, 593	39, 021	174, 614
Total.....			1, 106, 787

¹ These data show cumulative totals through Nov. 30, 1957. An appreciable number of Korean veterans enrolled in the designated courses since that date are not included in these data.

These statistics reflect a contribution to our present scientific and technical proficiency of immense proportions. As these men reach the height of their productive capacities, even greater dividends will be reaped by the Nation. In addition, in view of an increasing preference for college training on the part of Korean veterans, and a noticeable trend toward the scientific fields of study, we can expect national dividends over and above those resulting from the first GI bill to accrue under the Korean program now in effect and the post-Korean program recommended by this report.

"The Korean readjustment training program is predominantly a college program," according to the most recent annual report of the Administrator of Veterans' Affairs. The Administrator's report shows that college enrollments account for 51 percent of all enrollments in educational courses under the Korean program—a percentage almost twice as large as that of college enrollments under the World War II program. Similarly, a correspondingly smaller percentage of Korean veterans have trained in business and industrial establishments or on farms. A much smaller percentage of Korean veterans have trained

in schools below the college level. These percentages are shown in the following table.

TABLE 2.—*Comparative data on major types of training entered by World War II and Korean veterans*

[In percent]

Types of training entered	June 30, 1958	
	Korean veterans	World War II veterans
Total.....	100	100
Institutions of higher learning.....	51	29
Schools below college level.....	35	44
On-the-job training.....	10	18
On-the-farm training.....	4	9

Except for the fact that there will be considerably fewer post-Korean veterans than Korean veterans, the characteristics of the Korean program are expected to carry over into the educational program recommended by the committee for post-Korean veterans.

Although the greatest benefit to the individual under this program would come through higher education, the committee is convinced that the results of continued vocational and farm training will also be highly beneficial. It is well known that our industrial and business enterprises require more skilled workers. These skilled workers could be trained under this program. It was revealed in the hearings that at the height of the recent widespread unemployment, Pennsylvania, one of the most hard-hit States, had jobs available in no less than 197 occupations requiring skilled and trained workers. The upgrading in skills provided by this bill would help eliminate such examples of economic waste.

Section 3 of S. 1138, providing vocational rehabilitation of those veterans suffering from service-connected disabilities, is almost identical to S. 4213 passed in the Senate during the 85th Congress. In contrast to the programs found in sections 2 and 4 which are related to the existence of the draft, this section will become a permanent feature of the serviceman's service-connected disability compensation. The great benefits and simple equity of this provision are obvious: the Government should do all possible to restore the veteran's earning power lost in the service of his country. Some 25,000 disabled veterans will be assisted during the first 5 years in finding the most suitable and self-supporting occupation under this provision.

Section 4 of S. 1138 continues for post-Korean veterans the home and farm loan guaranty provisions of the Korean GI bill. This law as applied to World War II and Korean veterans has proved of tremendous benefit in helping veterans secure homes quickly without the usual downpayment requirements particularly onerous to those who have been in the service. The quite remarkable stability of our World War II and Korean veterans, as compared historically, is due in great degree to the 5¼ million of them who were able to become homeowners through these programs. These benefits may be expected also to accrue to the post-Korean veterans. The already small costs of this program will be further reduced by the requirement of a one-half of 1 percent guaranty fee charged to post-Korean veterans to

pay for any losses to the Government on its guaranty, and the elimination of business and insured loans, which, because of the average younger age of the post-Korean veteran, were deemed not so suitable a readjustment benefit as the other programs. It is expected that some 1 million post-Korean veterans will be able to purchase homes and farms under this section, of which some 700,000 may be expected to be new construction.

NEED FOR LEGISLATION

The need for this legislation is clear, compelling, and urgent. Today's cold war conditions are such that thousands of young Americans are required by the compulsory draft law to serve on active duty in the Armed Forces for a specific period of time. Following their active duty in scattered parts of the world, these young people are further compelled to perform additional service in the Active Reserve, after which they are ushered into the ranks of the Standby Reserve. Once entered upon active duty, their total military obligation generally extends over a period of 6 years. They are not truly ex-servicemen until this whole obligation has been discharged.

Absent the exigencies of the cold war, the majority of these young people would not enter military service—normally they would remain in civil life, pursuing their own individual goals.

Presently, the Federal Government does not offer these young citizens any help in coping with the serious problems created for them by the cold war and by their compulsory military service. This unfortunate state of affairs has existed since January 31, 1955, which, by Presidential Proclamation No. 3080, was put into effect as the cutoff date for acquiring eligibility under the Korean GI bill. Young people entering the Armed Forces since that date, i.e., our post-Korean veterans, have been called upon to make the personal sacrifices associated with military service; yet they have been denied the readjustment aids so vitally needed to help them catch up with those of their contemporaries who were not asked to serve but who instead continued the more lucrative and comfortable pursuits of civil life.

ACTION LONG OVERDUE

Action to redress the inequities of this situation is long overdue. Our post-Korean veterans are beset by problems almost identical with those to which the two previous GI bills were addressed. Like their fathers and elder brothers, post-Korean veterans lose time from their competitive civil lives directly because of military service. As a consequence, they lose valuable opportunities ranging from educational advantages to worthwhile job possibilities and potentially profitable business ventures. In addition, after completion of their military service, they confront serious difficulties during the transition to civil life. Moreover, since under today's conditions, only a minority of the draft-age group actually serves an extended tour of active duty, the post-Korean veteran suffers in some respects relatively more disadvantages than did his World War II and Korean predecessors.

MAJOR COMMITTEE FINDINGS

Lengthy hearings on the subject of this legislation were conducted during both the 1st session of the 85th Congress and the 1st session of this Congress. After careful and deliberate consideration of the evidence adduced by those hearings, the committee finds that the Federal Government owes an obligation to post-Korean veterans and, further that the readjustment program recommended in S. 1138 for post-Korean veterans is the bare minimum required to discharge that obligation.

The committee further finds that this obligation and the need for this legislation are based upon the continued existence of the compulsory draft law, which calls only a select group of men away from their private lives to perform military service on behalf of the entire Nation.

In making these findings and recommendations, the committee does not question the need for the compulsory draft law. Moreover, the committee strongly believes that, in view of the present and foreseeable international situation, and especially in view of the need to station American servicemen in many parts of the world, the draft law is essential if we are to safeguard our American freedom and the security of the free world. The committee also believes, however, and equally strongly, that the Congress must now take effective action to cope with the problems thrust upon individuals by the compulsory draft law and by the military necessities of this age.

The committee takes particular note of the fact that the Korean cutoff date (January 31, 1955) did not result from congressional studies and hearings, or otherwise result from affirmative action on the part of Congress. The hearings and studies which form the background of this legislation constitute the sole affirmative action that has been taken by the Congress with respect to the post-Korean readjustment problems covered by this bill.

EXTENSION OF THE COMPULSORY DRAFT LAW

Never before in our history has the United States had such a continued period of compulsory military service during an era of relative peace. Actual hostilities in Korea ended July 27, 1953. The Korean conflict, for purposes of readjustment assistance, was officially terminated by Presidential declaration on January 31, 1955. The compulsory draft law has outlived both of these events; unfortunately, the herald of true peace is still awaited. Early this year, in fact, the Congress and the Chief Executive, in recognition of the needs of national defense, took action to extend the draft law for another 4-year period—until July 1, 1963.

The major part of the burden caused by these cold war conditions quite obviously falls upon those of our youths who are called to extended tours of active military service. It is they who must serve in the Armed Forces throughout troubled parts of the world, thereby subjecting themselves to the mental and physical hazards as well as the economic and family detriments which are peculiar to military service and which do not exist in normal civil life. It is they who must serve in the remote outposts—in Formosa, Korea, Berlin, and Africa—to safeguard American freedom. Without these services from the best of our young men, those who are strong of body, alert in mind, and

guided by inner moral courage and a belief in democratic principles, our Nation could not stand against the military threat confronting us today.

The crises of Lebanon, Formosa, and Berlin stand as reminders that we must maintain a constant state of preparedness, and must continue to expose our young servicemen to the hazards of potentially explosive military incidents. The nature of these hazards is tragically exemplified by the loss of 17 U.S. airmen in an unarmed American transport plane shot down by Russian fighter planes just inside Soviet Armenia last September. More recently, on the other side of the world, another American plane was fired upon over the Sea of Japan. Although other such incidents will surely occur in the future, the Nation has no choice but to continue calling upon post-Korean servicemen to sustain such dangers, and otherwise to endure the strains and hazards of the cold war. Any other course would place our freedom in danger of usurpation by aggressor nations.

EFFECTS OF DRAFT ON INDIVIDUALS

It is true, of course, that there is no visible means by which today's servicemen can be freed from the risks and dislocations dictated by the cold war. It is equally true, however, that there is no necessity to tolerate that part of the status quo which requires some young men to perform military service, while others do not, without any compensatory factors running to those who do serve. The losses of those who serve are enormous. Indeed, in a dynamic, expanding, free enterprise society such as ours, it would be difficult to overestimate the enormity of the losses caused young men by the compulsory military obligation. The competitive element in our civil life makes this so.

The compulsory draft law begins to affect our youth adversely as soon as they come of draft age. First, the mere existence of the military obligation becomes an important part of each individual's qualifications for employment. It is not a desirable qualification, for employers generally are not willing to invest time and money in training men with unsatisfied military obligations.

In an area of "pocket" unemployment, an unsatisfied military obligation may well act as a complete bar to gainful employment.

Uncertainties caused by draft

Besides its depressant effect on young men's employment potential, the draft has injected into their lives numerous uncertainties which make it impossible for them to plan ahead. As a result, they are frequently discouraged from immediately entering advanced training in the sciences, technical vocations, teaching, and other professions that the Nation is needing increasingly. It is therefore not surprising that young men from 17 to 18½ years of age constitute about half of all first-time enlistments each year. In 1958, for example, of a total of 1,200,000 in this age group, approximately 270,000—nearly one-fourth—voluntarily entered military service. While special commendation is certainly due these young volunteers for their devotion to country and their contribution to the national defense, it is apparent that many of them enlist in the services as a direct result of the compulsory draft law.

This last mentioned fact was very clearly developed during the draft extension hearings held last January by the House Committee on Armed Services. Speaking on this point, and on behalf of draft extension legislation, the Honorable Charles C. Finucane, Assistant Secretary of Defense (Manpower, Personnel, and Reserve), testified as follows:

The Navy, Air Force, and Marine Corps, although not presently inducting men, benefit to a considerable extent from the stimulus of the draft in their voluntary procurement programs. Many of the young men who enlist voluntarily in these services do so in lieu of being inducted. In that way, they are able to select the service of their choice and serve at a time and in a manner most convenient to them. These enlistments are an important source of quality manpower. They have a further benefit of being in most instances for 3, 4, or more years, rather than 2 years. These longer term enlistments have substantial advantages in reduced turnover, reduced training loads, and increased effective use of manpower.

In addition to stimulating enlistment programs, the Universal Military Training and Service Act assists in the procurement of officer personnel. For example, persons who participate in the ROTC, the Navy Reserve officer candidate program and the Marine Corps platoon leaders course, are deferred from induction. Upon graduation from college and subsequent commissioning as officers, they are required to serve on active duty or active duty for training. Without the stimulus of induction, there is no doubt that many men would be less inclined to enter these programs. The resulting reduction in numbers of candidates would most certainly provide less opportunity for selecting better qualified ones. Thus, loss of the induction authority not only would reduce our ability to meet our overall requirements for new officers, but could have adverse implications for the quality of the junior officer corps (p. 22, hearings, H.R. 2260).

In response to questions from members of the House committee, Secretary Finucane made these further observations—

The Army have [*sic*] made very substantial studies as to what sort of an army they would have if there were no draft. And they have not taken into consideration the effect on the other services.

The figure that I remember not long ago was 535,000, which their studies indicated they could support without any draft.

* * * * *

But we have no studies or no hope of getting those extra 300,000 people without the pressure of the draft.

It could be stated that many of these people that are enlisting now would enlist if there were no draft. We believe, though, very realistically, that many of them enlist because, if they don't enlist they are going to be drafted. We feel we

would be in a very serious situation if we had to rely on voluntary enlistments to maintain these 2,500,000 men (p. 41, H.R. 2260).

* * * * *

Speaking personally, Mr. Gavin, I have the deepest conviction, the deepest conviction, that we would be 700,000 or 800,000 people short of our 2½ million men if we did not have the impetus of the draft on all four services, and, indeed, on our officer corps, too (p. 43, H.R. 2260).

Young servicemen relatively disadvantaged

Before leaving the subject of the young volunteer, it should be remarked that the individual's mere act of voluntarily entering service does not cure the problems to which this legislation is addressed. The advantages accruing to the volunteer, such as choice of service, type of duty, and sometimes place of duty, are factors which do not minimize the adverse, long-range effects of losing time from civil life. From the standpoint of the ultimate impact of military service, it is therefore a matter of indifference whether a young man volunteers for service shortly before or after reaching draft age, or waits until he is drafted. The crucial fact is that he does serve a substantial period of active military duty, for it is during this period that today's servicemen drop farther and farther behind their contemporaries who stay in civilian life pursuing educational objectives, or enjoying the higher wage scales and other economic advantages of civil life. In sum, then, irrespective of how a young man enters military service, harmful consequences will flow from the fact that a substantial portion of his life, which would ordinarily be devoted to civil goals, is consumed in the performance of active military service.

Compulsory Reserve requirements

The hardships of cold war service are still further aggravated by the compulsory military Reserve obligation which the Government has imposed on all men who entered service after August 9, 1955. This obligation is, of course, in sharp contrast with the traditional military obligation which ends immediately upon discharge from active duty. More importantly, however, the Active Reserve obligation impedes the cold war veterans' full participation in civil life, which, in turn, again exposes them to unfair competition from their civilian contemporaries. The fact that veterans must discharge a post-Korean Reserve obligation involving drills and other military activities quite obviously enables their civilian contemporaries, by comparison, to make still more gains toward enjoyment of the fruits of our free enterprise society.

Frequently, for social, economic, or other reasons, veterans will wish to participate voluntarily in the Reserve program. It is nonetheless true that for those men who wish to devote full time to their civil goals, the Reserve obligation constitutes a substantial supplementary burden. For example, under the Reserve Forces Act of 1955 (Public Law 305, 84th Cong.), if an individual serves on active duty for a period of 2 years, he is required to participate in training in the Ready Reserve for a period of 3 years following his active duty. During this 3-year period, he is required to participate annually in 48 drill periods and not to exceed 17 days' active duty

for training. If it is impossible for such individual to participate in this type of training or equivalent training, he can apply for 30 days of active duty each year and thus fulfill his Reserve training obligation. By express provision of the act, if the individual fails to discharge his Reserve obligation by one of the foregoing methods, he can be ordered to active duty for a period of 45 days.

Effects of draft on national goals

As mentioned before, the committee does not question the military necessities underlying the need for the compulsory draft law. Indeed, the committee strongly believes that in view of the present and foreseeable international situation—and especially in view of the necessity to station American servicemen on lands and in waters around the world—the draft law is needed if we are to safeguard our American freedom and the security of the free world. Moreover, the committee has no quarrel with any individual exemption or deferment policy of our present draft system. Each exemption and deferment, as the committee recognizes, finds justification in valid national policy.

The committee nonetheless has had brought to its attention during the hearings on this legislation certain of the end effects of the draft system, which have direct impact on our national goals and which give special cogency to the recommended legislation. The committee has reference here to the student deferment policy, which, as pointed out by one of the staff reports of the Bradley Commission, permits postponement of the military obligation by those young men who are intellectually and financially qualified to enter college and remain there.

At the present time, and in the foreseeable future, above-average students, if they are able financially to enter and remain in college, will for the most part be able to finish a 4-year undergraduate program if they so wish. At the end of their college program, some will enlist or be inducted or commissioned in the Armed Forces. Others will remain in civilian life, not because they are still deferred (their draft liability extends to age 35) but because the Armed Forces will not need all of those in class 1-A. Under recently announced regulations, those who marry probably will not be called, because selective service regulations now call for inducting unmarried men under 26 first, and these single men may well fill most of the need.

Other college students will enlist or be inducted because they do not achieve high enough test scores or class standing and for a variety of other reasons. In general, however, the situation is expected to be favorable to the able student who desires to finish college before he enters the Armed Forces. (Staff Report IX-B, p. 318).

The student deferment policy, standing alongside the denial of post-Korean educational assistance, highlights the anomalous character of the Government's present posture respecting the problems of post-Korean veterans. This fact was brought out by one of the servicemen who testified on behalf of this legislation. Mr. J. W. Seering stated that—

It also seems inconsistent for the Government to recognize the importance of education by enacting legislation to defer the military service of persons who have the good fortune to be enrolled in college, and then, on the other hand, to deny educational benefits to a man after he has completed service. If education is considered important enough to warrant deferment, by the same token, it is of comparable importance to justify postservice educational assistance.

Another characteristic of the student deferment policy deserves mention, namely, that it places college education in a highly preferred status. Persons who wish to pursue trades, vocational, or other postsecondary education of less than college level, are not generally eligible for student deferment under selective service regulations. These facts were given special stress in the previously cited Staff Report IX-B of the Bradley Commission, which, at the conclusion of its general commentary on the effects of the student deferment policy (p. 318) stated that—

It should be emphasized, however, that persons who wish to pursue trade, vocational, or other postsecondary education of less than college level are not generally eligible for student deferment under present selective service regulations, although persons in apprentice training may also be deferred, and about 5,000 were so deferred in December 1955. Trade and vocational students may, of course, be deferred on other grounds or not be called. Data from the selective service sample survey discussed above, however, indicate that during the Korean period at least, such students were more likely to be inducted or to enlist than were college students.

Our national goals require that our young people obtain as much advanced training as possible, college and otherwise, and therefore the wisdom of the student deferment cannot be questioned. But we must also have a populace broadly trained in industrial and clerical skills. The point is not that there are, or are not, valid reasons for exempting or deferring a given group; the significant fact is that the cumulative effect of these exemptions, regardless of their individual merits, is to destroy completely the notion that the draft system compels national service from all. The draft in actual operation exacts from one man considerable sacrifices in time and loss of earning power, interruption of education, separation from home and family, to say nothing of the sacrifice of personal liberty, while leaving his civilian contemporary to pursue a normal life.

If manpower needs are such that we cannot expand the student deferment, so as to include persons who desire to take vocational and technical training, but instead, are such that we must compel these young people to enter military service, then we should make every effort to offset this loss to the individuals and to the Nation. The vocational and technical training provided by section 2 of this legislation achieves this objective, and in addition provides substantial redress of the individual inequities which occur under today's draft system.

NUMBER AND CHARACTERISTICS OF POST-KOREAN VETERANS

Through July 1 of this year, more than 940,000 post-Korean veterans have been separated from service. In fiscal year 1960, there will be almost 437,000 additional post-Korean veterans separated; thereafter separations are expected to vary between 440,000 and 450,000 annually.

The general characteristics of post-Korean veterans, like the conditions under which they return to civilian life, are expected to be quite similar to those of veterans of the Korean conflict. This fact was summarized in the following excerpt from one of the staff studies made by the Bradley Commission:

In the absence of definitive data on the characteristics of those who will leave the Armed Forces in future years, data on Korean veterans who left the Armed Forces after February 1, 1955, have been used. There is no reason to believe that those who are discharged in 1958 or 1960 will be markedly different from those who entered civil life in 1955. Differences between the 1955 group and those discharged immediately after Korea are inconsequential (Staff Report IX-B, p. 319).

Bearing out the prediction of the Bradley Commission, as to the striking similarities between Korean veterans and post-Korean veterans, are various findings contained in a recent survey conducted by the Veterans' Administration.¹ These data showed that by June 30, 1960, the average length of service of all post-Korean veterans will be about 25 months. This compares with the Korean veteran's average service period of 24 months. Of the total post-Korean veterans included in the survey, 10 percent had served 36 months or more.

As regards age, marital status, educational attainment, and previous civilian job experience—the factors which determine the readjustment needs of ex-servicemen—post-Korean veterans are almost identical with Korean veterans. The typical post-Korean veteran discharged from service will be single, under 25 years of age, and equipped with some high school but no college education.

The earlier mentioned VA survey showed the educational attainments of post-Korean veterans in the following detail.

At the time of their separation from the Armed Forces, 6 percent had not completed elementary school; 10 percent had completed elementary school but had had no further school; 29 percent had had some high school education, but had not graduated; 35 percent had graduated from high school but had had no college training; 8 percent had completed 1, 2, or 3 years of college work; and 12 percent had completed 4 or more years of college.

The relatively low educational attainments of these veterans is a significant measure of the handicaps incurred by young men whose education is interrupted or interfered with by military service. The Bradley Commission, after examining and evaluating the seriousness of the handicap imposed on post-Korean veterans by interruption of

¹ 1-percent sample survey conducted by the Veterans' Administration, covering 687,000 post-Korean veterans separated through Dec. 31, 1958.

their education, concluded that it is the "main" handicap incurred by these veterans. The Commission's finding in this regard was stated as follows:

The Commission recognizes that the main handicap which may be incurred by the peacetime ex-serviceman, other than service-connected disabilities elsewhere discussed, is the effect that a period of 2 years' mandatory service at an early age may have upon education. At the age of entrance into military service, schooling is the occupation of many, and military service will delay some young men from advancing their formal education and will perhaps cause some to drop their plans forever because marriage and other pursuits may interfere with their return to school or college (Final Report, p. 342).

The Final Report of the Bradley Commission laid particular stress on the need to train veterans who had not finished high school at the time of their discharge. With respect to this group, the Final Report (p. 343) stated that—

Except for such training and experience as they may acquire while in service, they will be poorly equipped to enter the labor market. Many of them will need trade and vocational training of below-college level in order to make up for the civilian work experience and seniority lost by virtue of military service.

With respect to the group of servicemen who completed high school but did not enter college, the Final Report of the Bradley Commission (p. 343) had this to say—

To the extent that they did not acquire while in service skills useful in civilian life, their educational and training needs will be much like those who did not complete high school. Second, there will be able students who wished to go to college but did not have the funds to enter and hence could not get a college deferment. Such persons will still want to go to college when they reenter civil life. Finally, there will be those with aptitude for college or other formal post-secondary training who had not made up their minds just what to do after high school. The absence of a clearcut career goal is not uncommon among 19- and 20-year-olds. The availability of education and training benefits at the time they leave the service is apt to have great influence on whether they go to college or other training, just as it has for those who wished to go to college before entering the service but who did not have the funds.

Concerning veterans who entered or completed college, the Bradley Report (p. 344) made this comment—

Of those who have not finished college, some will have failed in college or failed to qualify for deferment, and part of this group will wish to go to work immediately or acquire trade or vocational training. In view of the use of education benefits by Korean conflict veterans, however, most of those who had entered but not finished college prior to entering the

service will wish to continue their education after service. Of those who had finished college, perhaps a fourth or more will wish to go on to advanced graduate or professional studies.

The general characteristics of post-Korean veterans are such as to compel the conclusion that they are in dire need of readjustment assistance. Moreover, when close examination is made of their pre-service employment experience and level of education attained at time of separation from service, the case for readjustment assistance becomes infinitely stronger. Generally speaking, most post-Korean servicemen do not advance their formal educational level while in service. While it is recognized that some post-Korean servicemen do receive craft, trade, and semiprofessional training while on active duty, these opportunities can be useful only to a small minority of post-Korean veterans. In the overwhelming majority of cases, such opportunities cannot be expected fully to offset the interruption of education or civilian work experience caused by military service.

COMMITTEE ACTION

GENERAL ACTION

Traditionally, the Congress has made a distinction between wartime service and peacetime service in providing veterans' benefits programs. While the committee recognizes that today's service cannot be equated with peacetime service as that term has been used heretofore, as during the 1930's for example, the committee finds that the traditional distinction should be made in the program of readjustment benefits provided by this bill. Accordingly, the committee's recommended legislation contains provisions in sections 2, 3, and 4 of S. 1138, which make this distinction by providing considerably less liberal treatment for post-Korean veterans than was afforded World War II and Korean conflict veterans.

One of the major distinctions made in the bill concerns the basic service requirement, which, under prior veterans' readjustment programs, is fixed as a period of 90 days on active duty. In principle, this period was doubled for post-Korean veterans, and sections 2 and 4 of the bill, concerning educational and vocational training and home loan guaranty assistance, respectively, require that post-Korean veterans serve on active duty for a period of more than 180 days in order to establish basic eligibility. All veterans who serve on active duty for less than this required period, unless separated for a service-connected disability, would not be entitled to the forms of assistance provided in sections 2 and 4.

The new, longer basic service requirement would not apply to section 3 of the bill, which provides vocational rehabilitation training for post-Korean veterans with service-connected disabilities. With respect to this form of assistance, the traditional distinction was preserved by establishing a stricter standard of qualifying for rehabilitation training. Under similar existing programs for World War II and Korean conflict veterans, eligible veterans with service-connected disabilities rated as 10 percent or more of total disability enjoy a nonconclusive presumption that vocational rehabilitation training is needed. In section 3 of the committee's bill, however, post-Korean veterans will

have this presumption only if their disabilities are rated as 30 percent or more of total disability. In cases involving disabilities rated as less than 30 percent, post-Korean veterans must clearly show that such disability has caused a pronounced employment handicap in order to qualify for rehabilitation training.

Another major distinction between former veterans and post-Korean veterans is contained in section 4 of the bill, providing home and farm loan assistance. A provision in this section of the bill requires post-Korean veterans to pay to the Veterans' Administration a loan guaranty fee in the sum of one-half of 1 percent of the amount of the loan. In a transaction involving a purchase price of \$15,000 a post-Korean veteran would pay a guaranty fee of \$75 and in addition would pay all of the other fees and charges now paid by World War II and Korean veterans. The loan guaranty fee paid by post-Korean veterans would be deposited by the Administrator in a mortgage guaranty fund, for his use in liquidating any losses that might arise under the program.

The loan guaranty fee distinction is expected to have an extremely beneficial long-range effect. Its practical significance is that, whereas the Federal Government pays the losses arising under the World War II and Korean program, the post-Korean veterans themselves would pay for losses under their program. According to the evidence submitted by the Veterans' Administration, the loan guaranty fee recommended in this legislation will be more than adequate to overcome losses under the new program.

As an additional distinction in the loan assistance program, post-Korean veterans would not be afforded eligibility for the business and insured loans available under existing law to veterans of World War II and the Korean conflict. Finally, and as previously stated, to be eligible for home and farm loans, post-Korean veterans are required to serve on active duty for a period of more than 180 days as compared to a 90-day period for former veterans.

EXECUTIVE ACTION

During the executive proceedings on this legislation, the Subcommittee on Veterans' Affairs and the full Committee on Labor and Public Welfare considered various proposals, which were in effect alternatives to the committee's recommended section 2 of the bill providing educational and vocational training assistance for post-Korean veterans. Among the proposals were three which received particularly careful study and detailed consideration and thereafter rejected. These proposals would have—

- (1) changed the basic educational entitlement formula from $1\frac{1}{2}$ times each day of the eligible veterans active service, as provided in the recommended legislation (S. 1138), to a formula of 1 times each day of active service;
- (2) changed the amount of the monthly educational allowances from the amount recommended by this legislation to an amount equal to 80 percent of the recommended allowances; or
- (3) changed the basic concept of the recommended legislation from an educational allowance concept to a loan concept.

Each of these amendments was rejected on the general ground that the degree of assistance proposed would be totally inadequate to meet

the readjustment needs of post-Korean veterans. The principal reason for the committee's rejection of the proposals is that they would cause a net loss in the amount and quality of education received by this group of veterans. Moreover, because of the increase in the cost of living and the sharp nationwide rise in the general cost of education, the committee regards the educational assistance recommended by S. 1138 as already dangerously low in terms of actual value, as well as in terms of its potential for purchasing quality education. To depress the assistance still lower would clearly undermine the purpose of the bill.

The reduced formula proposal in (1) above would be a most unwise reversal of the tried and true formula developed under the Korean GI bill. The Korean formula, followed by this legislation, is of demonstrated value and should not be revised at a time when the Nation is in manifest need of a broadly trained populace. The formula recommended by this bill offers a wide range of educational opportunities, within which men of all aptitudes—vocational, college, or otherwise—can find accommodation. The formula, moreover, provides positive encouragement for qualified persons to enter college at both the undergraduate and graduate levels.

The alternative formula in (1) above has just the opposite effect. If it were adopted, veterans would be strongly inclined, instead of obtaining a partial college education, to use their entitlement to obtain a completed unit of training below the college level. As a consequence, many men who should and could obtain college degrees in engineering, chemistry, etc., because they have the capability and aptitude to do so, would obtain lesser degrees in technical institutions or would take vocational training. The end effect, of course, of a formula which discourages men with college aptitudes from entering college would be to prejudice and impede the colleges in carrying out their mission as part of our total educational effort to meet national needs.

The 80 percent formula involved in (2) above was found to be barren of any realism as applied to the educational problems of post-Korean veterans. In fact, because the cost of education and the cost of living have risen so sharply since the Korean allowances were established in 1952, the allowances recommended by this bill, in terms of actual value, are roughly equal to 80 percent of an identical allowance paid in 1952. Furthermore, and again due to the high cost of education, the post-Korean veteran will pay a much greater proportion of his education allowance for tuition than was the case with a similarly circumstanced Korean veteran enrolled in school in 1952. The post-Korean veteran, according to a research paper prepared by the Library of Congress, can be expected to pay 43 percent of his educational allowance for tuition as contrasted to 28 percent of an identical amount paid by the Korean veteran in 1952.

The tabular data below, also submitted by the Library of Congress, show the relative value of the allowances recommended for post-Korean veterans in clear detail. The post-Korean allowances, being identical in amounts to the rates fixed for Korean veterans in 1952, would have a present actual value (in relation to 1952 purchasing power), as indicated in the middle column below.

TABLE 3.—Data showing value of Korean allowances in 1952 dollars

Number of dependents	Korean veterans monthly allowance	Present value of allowance in 1952 dollars	Differential
None.....	\$110	\$78. 40	\$31. 60
1.....	135	101. 15	33. 85
2 or more.....	160	123. 90	37. 10

In assessing the merits of an educational loan program for post-Korean veterans, as outlined in (3) above, it is of crucial importance to recognize that post-Korean veterans have very little, if any, business experience and cannot be expected to approach a loan with the same viewpoint as a seasoned businessman.

Most of these veterans, having no civilian job experience, no cash in their pockets, and no demonstrated ability to succeed in civilian life, will decide that the risk of a loan is too great to take. Those who do decide to take the risk will unquestionably be among the small percentage of post-Korean veterans who completed 1, 2 or 3 years of college before military service. The 64 percent of these veterans with only some high school education or with a high school diploma but no college training, cannot reasonably be expected to feel any attraction for a loan program. Finally, there is no reason at all to hope any significant number of post-Korean veterans will go into debt to train in courses of less than college level, such as business colleges, vocational schools, apprentice training, on-the-job training, or on-the-farm training.

The possibility of a veterans loan program was strongly opposed by the educators who testified in favor of S. 1138 during the hearings on the bill. Dr. Robert G. Bernreuter, dean of admissions and special assistant for student affairs, Pennsylvania State University, stated that:

I concur that, at best, the loans can be supplemental and cannot do the whole job.

I am impressed with the fact that it is a very new thing for college students to borrow money to go to college. There have been small-loan funds at some universities for a long time, but very few families and very few students think in terms of borrowing money for their educations.

In business, it is a very common thing for a man to borrow money in order to make a capital investment. But such loans are usually made by older men who know it is not too difficult in times of good prosperity to repay loans.

Young men lack the experience to know that it is good business to borrow, and many of them will drop out of college in order to earn money rather than to borrow.

While the Congress is providing a fine resource for students when it provides them with a chance to borrow money, students do not recognize this; they are unwilling to recognize it, and they drop out of college. The advantages that might accrue to them are lost simply because, through their inexperience, they do not want to go out on their first job saddled with a debt.

* * * I think most of the wives of veterans do not like to see the family debt pile up, and there is pressure from the wives to earn money immediately rather than to delay earning money for greater gain later on.

On the basis of this cogent testimony and other persuasive evidence adduced during the hearings on this legislation, the committee specifically finds that a loan program for post-Korean veterans is totally inadequate to cope with the problem at issue, namely, the need to restore to these veterans educational opportunities lost or impeded by reason of military service during the cold war. The committee further finds that a loan program is totally inadequate to satisfy the Nation's obligation to post-Korean veterans.

In view of the fact that today's conditions are such that only a minority of our draft-age youth actually serves on active military duty, while a majority of their civilian contemporaries stay at home and pursue normal civil lives, the establishment of a loan program for post-Korean veterans would be but a halting step toward satisfaction of the national conscience. The educational assistance program recommended by the committee is based on firmly established precedents for dealing with the readjustment problems of veterans. Adherence to these precedents is the only wise, appropriate course for the Congress to take.

DEPARTMENTAL AND ORGANIZATIONAL REPRESENTATIONS

The Veterans' Administration testified in favor of section 3 of this bill and, in addition, recommended two amendments to such section which were approved by the committee. In testifying with respect to the remainder of the bill, the Veterans' Administration expressed a negative position much along the lines of its position respecting similar legislation introduced in the 85th Congress. The positions of the Bureau of the Budget and the Department of Health, Education, and Welfare are in accord with that of the Veterans' Administration.

The Department of Defense presented views on this legislation, but deferred to the other Government departments on all of its provisions except section 2, educational and vocational training assistance, and section 5, mustering-out payments. While the Department stated a generally negative position with respect to section 2, it specifically recommended that should the legislation be enacted that—

the final termination date for eligibility for educational and vocational training be extended indefinitely for those personnel who have remained continuously in the Armed Forces.

The committee has accepted this recommendation and has implemented it with amendatory language approved by the Defense Department. The Defense Department testified against mustering-out payments, which, if provided for post-Korean servicemen, would be included in the Defense budget and administered by that Department. The mustering-out pay provisions were eliminated from the bill by committee action.

Six national veterans' organizations presented views on this legislation during the hearings conducted by the Subcommittee on Veterans' Affairs. The Disabled American Veterans urged prompt passage of section 3, which proposes vocational rehabilitation for disabled veterans, and also endorsed section 4, which provides home and farm loan assistance. Section 2 of the bill, providing educational and vocational training, was favorably endorsed by the following veterans' organizations: American Veterans' Committee; American Veterans of World War II (AMVETS); Catholic War Veterans; Jewish War Veterans; and Veterans of Foreign Wars.

Resolutions favoring section 3, loan assistance, had not been enacted by all of the veterans' organizations at the time of the hearings. Expressly favoring this section of the bill—in addition to the Disabled American Veterans—are the Catholic War Veterans, the American Veterans' Committee, and the American Veterans of World War II.

Among the numerous other organizations endorsing this legislation are the following: American Association of Junior Colleges; American Federation of Labor—Congress of Industrial Organizations; American Vocational Association, Inc.; Fleet Reserve Association; National Association and Council of Business Schools; National Association of State Approval Agencies; National Farmers Union; National Aviation Trades Association; U.S. National Student Association; and the West Virginia Association of Business Schools.

HISTORICAL BACKGROUND OF S. 1138

The concepts employed in this bill are patterned after the readjustment programs which grew out of the Servicemen's Readjustment Assistance Act of 1944 and the Veterans Readjustment Assistance Act of 1952. Those acts, popularly known as the GI bills, opened a new and significant chapter in the history of programs for veterans of military service.

The readjustment program as a whole involved new concepts and a new approach to the problems of veterans. It differed from previous veterans' programs in four important ways:

- (1) It recognized that all veterans—the able-bodied as well as the disabled—encounter special problems in reentering civil life because of the interruption of their normal lives by military service, and further recognized that there was a governmental obligation to assist in meeting such problems.

- (2) It recognized also the wisdom of providing help to veterans at the time when aid was needed most—immediately after service—instead of providing bonus and pension benefits in later life.

- (3) Unlike the traditional program of the "bonus" type, the amount of assistance provided was related to individual needs. In addition, the assistance was made available in a variety of forms in order to provide opportunity for the veteran to choose which benefits to use and the extent thereof.

- (4) The most important readjustment benefits were not intended merely as cash income but provided constructive aid (such as education and training assistance and home loan assistance), which would permanently improve the veterans' economic status in terms of income, job prospects, and homeownership.

Of the wide variety of benefits now available to World War II and Korean veterans, the committee has selected three which it regards as appropriately addressed to the problems of post-Korean veterans. Together these three forms of assistance, education and training, vocational rehabilitation for disabled veterans, and home and farm loan guarantee assistance, are designed to meet the major readjustment problems confronting post-Korean veterans. The close relationship between existing veterans' readjustment aids and the needs of post-Korean veterans is made manifest by the following review of the historical origin and evolution of the three forms of assistance recommended by this report.

EDUCATION AND VOCATIONAL TRAINING

(SEC. 2 OF BILL)

EARLY BACKGROUND

Early in World War II the Selective Service Act was amended to authorize the induction into military service of young men 18 and 19 years old. Because of and contemporaneously with this event, President Franklin Delano Roosevelt appointed a committee of educators, under the auspices of the War and Navy Departments, to study the problem of education for returning servicemen and women. In July 1943, the President's Committee, by then known as the Osborn Committee, made its preliminary report in which it recommended a federally sponsored education and training program for World War II veterans. In transmitting this report to the Congress for its consideration, the President's message of October 27, 1943, acknowledged the importance of educational and vocational assistance, from the standpoint of the individual's readjustment problems, and laid particular stress on the need to provide a wide range of educational and vocational opportunities for returning veterans. In that message, President Roosevelt said—

Vocational and educational opportunities for veterans should be of the widest range. There will be those of limited education who now appreciate, perhaps for the first time the importance of general education and who would welcome a year in school or college. There will be those who desire to learn a remunerative trade or to fit themselves more adequately for specialized work in agriculture or commerce. There will be others who want professional courses to prepare them for their lifework.

Lack of money should not prevent any veteran of this war from equipping himself for the most useful employment for which his aptitudes and willingness qualify him. The money invested in this training and schooling program will reap rich dividends in higher productivity, more intelligent leadership, and greater human happiness.

During the fall and winter of 1943 and the spring of 1944, the Congress gave extensive consideration to the President's message and to the problem of assisting returning servicemen to make their readjustment to civil life after separation from active service. As a result the Servicemen's Readjustment Act was approved by the Congress and signed into law by the President on June 22, 1944.

Thus it was that our Government developed an entirely new concept for dealing with the readjustment problems of citizens returning to civilian life after a period of military service. Prior to these events, although there had been a general desire on the part of the American people to provide help to veterans in reestablishing themselves in the normal civil life, there was no governmental program which plumbed the depths of veterans' readjustment problems. Veterans were left largely on their own after a period of military service and as a consequence many failed to achieve successful readjustment to civil life. This was highlighted in the final report of the Bradley Commission submitted to the President on April 23, 1956:

Veterans of earlier wars had received little direct aid in meeting such problems. Land grants to veterans (discontinued after 1862), mustering-out pay after most wars, vocational rehabilitation for the disabled after World War I, and special placement services virtually complete the list of benefits provided before World War II. For nondisabled veterans, there was no assurance of reinstatement in previous jobs, no program to provide cash income during unemployment, no assistance in resuming interrupted education, nor aid in buying homes or businesses. The nondisabled veteran was largely on his own, and experience after World War I showed that many failed to achieve successful readjustment under such conditions.

In contrast, veterans of World War II and the Korean conflict have had the benefit of programs to help them meet nearly every major problem that might arise in readjustment. This approach, bolstered by experience and improvements over the past decade, is now generally accepted as the best way of meeting the Government's obligation to nondisabled veterans (p. 231, Final Report).

ACTIVE PHASE OF FIRST GI BILL

By the end of 1945, when demobilization was beginning to hit its stride, 186,000 veterans were taking training under the GI bill. A year later, the number had leaped to 2,200,000. At the end of 1947, it rose to more than 2,500,000, a record level. Enrollments then started to decline, gradually at first and, after 1951, much more rapidly. The number of World War II GI bill trainees dipped below 1 million in 1952, and dropped under 100,000 in 1955. The program ended July 25, 1956, for all but a few specially circumstanced individuals.

The wisdom of our Government in establishing the veterans' educational program is forcefully and affirmatively demonstrated by the accomplishments of 12 years of GI bill educational and vocational training. In a press release issued July 25, 1956, the Veterans' Administration summarized these accomplishments:

Of the more than 7,800,000 veterans who received training, 2,200,000 attended college; 3,500,000 went to schools below the college level; 1,400,000 took on-the-job training, and 700,000 enrolled in institutional on-farm training.

Out of every 100 GI-trained veterans, 33 aimed for highly

skilled trade and industrial jobs; 10 engaged in scientific studies, including engineering and medicine; another 10 went into management and business administration; still another 10 learned the latest techniques of scientific farming; 6 studied the humanities, and most of these had plans to specialize later on; 5 took sales and clerical courses; 3 prepared to be teachers, and the rest trained for a wide variety of other occupations.

Many of these veterans today hold jobs in fields where there are critical shortages of manpower, VA said.

GI bill training has helped raise both the income and educational levels of veterans, VA pointed out. One recent survey disclosed that the median income of veterans has gone up 51 percent over the past 6 years, compared with a 10-percent rise for nonveteran males in the same age group. Another survey showed that veterans' educational level is better than 4 years of high school, while the level of non-veteran males, same age group, is but 2 years of high school.

KOREAN GI BILL

Following the outbreak of the Korean conflict in June 1950, the Armed Forces' need for men increased markedly. By June 30, 1951, 617,667 men had been inducted into military service. In addition, there had been a large number of enlistments, which, when added to the number of inductees, totaled 1,380,000 new entries into the Armed Forces during fiscal 1951. In light of these conditions, it was readily apparent that another large group of American citizens would be beset by readjustment problems after the conclusion of the Korean hostilities.

From the beginning there was a general consensus in the Congress that a readjustment program would be the proper method of meeting the needs of these veterans. Although a direct extension of the original GI bill was an obvious and easy way to cope with this legislative problem, the Congress took advantage of the opportunity to reappraise and revise the education and training program so as to take into account recommendations and studies made of the earlier program by both the executive and legislative branches.

The Veterans' Readjustment Assistance Act of 1952 which evolved out of this careful consideration, while preserving the best of the World War II program, contained many new provisions designed to simplify administration and to avoid the areas of abuses which had occurred under the earlier program. The provisions to eliminate abuses have proved to be highly effective, and there is general agreement that the new program has been a greater success administratively than the World War II program. There has been no impairment, however, of the program's basic purpose, namely, to assist Korean veterans in the readjustment process.

As previously indicated, the Korean readjustment training program is predominantly a college program. The percentage of Korean trainees who enrolled in colleges is almost twice as large as the percentage of World War II college trainees. A correspondingly smaller percentage of Korean trainees have trained in business and industrial establishments or on farms and a much smaller percentage have trained

in schools below the college level. The exact percentages involved in these trends are shown in the diagram on page 24.

During the hearings on the bill (S. 1138), conducted by the Subcommittee on Veterans' Affairs, a spokesman for the Veterans' Administration laid stress on the national values derived from the veterans' readjustment training programs. In this regard the Veterans' Administration spokesman testified that the programs have:

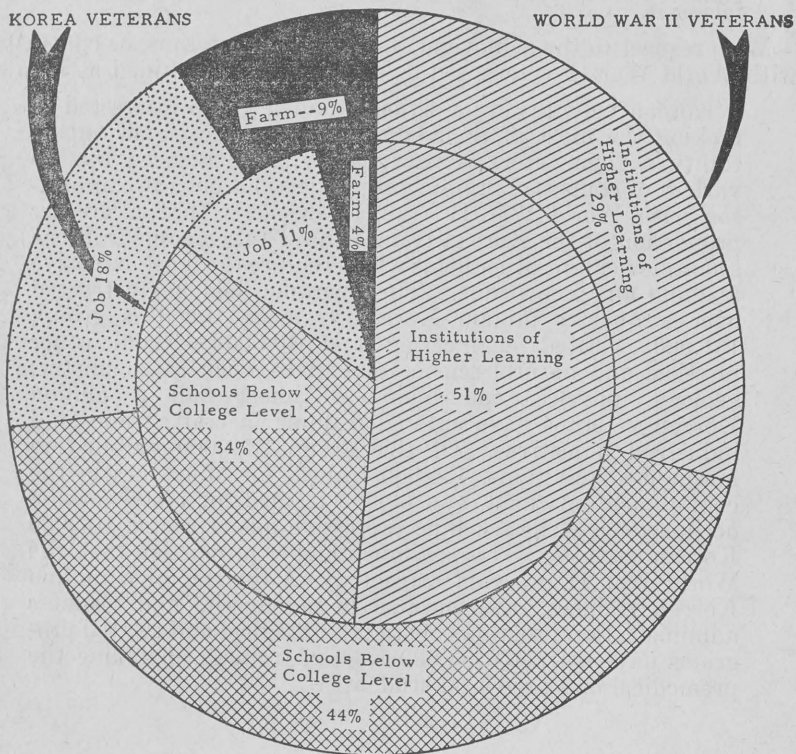
* * * not only assisted Korean and World War II veterans in making a satisfactory adjustment to civil life, but also raised the educational level and technical proficiency of the Nation by imparting greater knowledge and skill to millions of veterans. Thereby, the Nation has been placed in a better position to cope with the difficult and challenging problems facing it.

With respect to the achievements of Korean veterans, as contrasted with World War II veterans, the VA spokesman testified as follows:

Korean veterans are a serious-minded group interested in making the most of their educational or vocational opportunity. Their interests vary widely, as evidenced by the variety of courses or training objectives chosen. A comparison with World War II trainees discloses that a greater proportion of the Korean trainees have taken courses in the scientific fields or other fields which require the most extensive training and knowledge. The scientific field has attracted over a quarter million Korean trainees. Of this group, 161,000 selected engineering and 40,000 selected other physical and natural science objectives, such as chemistry, geology, physics, and biology. Almost half a million Korean veterans have entered training in craft, trade, and industrial objectives. Of this group, 122,000 enrolled in mechanical programs, 134,000 trained for objectives in the communications field, and 62,000 trained for metalworking occupations. The teaching profession has attracted 107,000 Korean trainees. This is a much higher proportion than the World War II program attracted. A quarter of a million Korean trainees have enrolled in managerial and business administration programs of study. Medical and related programs have attracted 53,000 Korean trainees, including the premedical and predental students.

CHART I
PERCENT OF KOREA AND WORLD WAR II VETERANS WHO ENTERED
TRAINING IN EACH MAJOR TYPE OF TRAINING

June 30, 1957



NOTE: Size of the World War II and Korea veteran circles do not represent the relative size of the readjustment training programs.

The following table furnishes a percentage breakdown of the general training objectives of World War II and Korean conflict veterans.

TABLE 4.—Occupational objectives pursued by veterans trained under GI bills (percentage distribution)

Training program	World War II	Korean
Total.....	100.0	100.0
Agriculture and related fields.....	9.8	5.3
Accounting and auditing.....	3.1	3.2
Art and design.....	2.7	2.8
Business administration and managerial.....	8.9	11.6
Clerical and sales.....	5.6	4.1
Craft, trade, and industrial.....	33.3	24.2
Education (preparation for teaching).....	3.1	5.4
Engineering.....	5.8	8.1
Flight training.....	4.7	2.1
Humanities and other undergraduate college programs (not shown elsewhere).....	5.9	12.7
Law (including prelaw).....	1.5	2.1
Medicine and related programs (including premedical and pre dental).....	2.6	2.7
Music and public speaking.....	1.6	1.1
Physical and natural science.....	1.2	2.0
Secondary and elementary programs of study.....	3.8	5.9
Social studies and welfare work.....	1.1	1.6
Theology.....	.5	.6
Other types of training.....	4.8	4.5

ESTIMATE OF VETERAN AS A STUDENT

This report can but touch upon the remarkable scholastic record made by veteran students. Yale University has reported that scholastically veterans did better work than other students and, as Richard R. Shank, head of the veterans program at Yale put it, "the university benefited also from the rise in standards achieved by the veterans."

Direct evidence of veterans scholastic excellence was submitted by several educators during the hearings on S. 1138. Dr. Robert G. Bernreuter, dean of admissions and special assistant for student affairs, the Pennsylvania State University, testified that research studies conducted by his university showed a marked scholastic superiority among veterans as compared with nonveterans. Because of these research findings, the Pennsylvania State University now grants veterans preference over nonveterans with respect to freshman enrollments. In explaining this preference policy, Dr. Bernreuter testified as follows:

The policy of giving preference to veterans is based upon the results of research studies contrasting the accomplishments of veterans with nonveterans. A study which we have just completed shows that veterans make better scholastic records than do nonveterans. Last semester at the Pennsylvania State University, the average grade earned by the male nonveteran student was a C. The average grade made by a male veteran student was a C-plus. The proportion of nonveterans who were dismissed for poor scholarship was twice as large as the proportion of veterans.

Another indication of the extent to which the veterans make better use of their opportunities is shown in the percentage of students who quit before graduating. Among

those who were admitted last year as freshmen, more than one-third of the nonveterans quit. Among the veterans, less than one-fourth did not return. Proportionately, approximately $1\frac{1}{2}$ times as many nonveterans quit as was true of the veterans.

Other typical evidence of the veterans' scholastic superiority is found in a press release issued by the University of Massachusetts on June 25, 1958. In setting forth the results of a survey conducted by George E. Emery, veterans' coordinator for the university, the release noted that:

With veterans accounting for 38 percent of the men graduating, 63 percent of honor graduates were veterans.

All three men receiving B.A. degrees magna cum laude in the college of arts and sciences were veterans. Of the nine men graduating cum laude, six were veterans. In the same college, of the four men receiving B.S. degrees, magna cum laude, one was a veteran. Of the four men graduating cum laude, three were veterans.

Two veterans received the highest honors granted in the college of agriculture, both magna cum laude. Of the three men receiving cum laudes, one was a veteran.

Veterans took three of the six cum laude degrees granted to men in the school of business administration.

In the school of engineering, a veteran earned the only cum laude in chemical engineering; all three magna cum laude electrical engineering degrees were earned by veterans and of the nine cum laude degrees granted in electrical engineering, six were earned by veterans. In mechanical engineering, the three magna cum laude degrees were earned by veterans and of the four cum laudes, three were veterans.

Of the 32 undergraduate men elected to the honor society, Phi Kappa Phi, 21 were veterans. Of the 11 men elected to Sigma Xi, honorary scientific society, 7 were veterans.

Obviously, the veterans' record for scholastic performance is above challenge. The presence of veterans on college campuses has raised the general level of scholastic achievement, to say nothing of bringing about a widely recognized improvement in campus values attributable to the veteran student's maturity of viewpoint and vigorous leadership.

ADMINISTRATIVE PROVISIONS OF KOREAN PROGRAM

The education and training provisions of the Korean GI bill, after which the new post-Korean program is patterned, emerged from the extensive studies of the operation of the World War II program made by both legislative and executive branch agencies during the period 1950-52. Of particular significance was the extensive study made by the House Select Committee To Investigate Educational, Training, and Loan Guaranty Programs Under the GI Bill, headed by the Honorable Olin E. Teague of Texas, now chairman of the House Committee on Veterans' Affairs. The recommendations of that committee formed the basis for many important reforms, which were incorporated into the Korean program and brought forward into the recommended program for post-Korean veterans.

The program is administered by the Department of Veterans' Benefits of the Veterans' Administration through its Vocational Rehabilitation and Education Service and its system of regional offices. Payment of education and training allowances is made directly to the veteran-trainee to assist him in meeting in part the expenses of his subsistence, tuition, fees, supplies, books, and equipment. The Administrator may furnish, upon the veteran's request, educational and vocational counseling to aid the veteran in making a sound choice of an educational, vocational, or professional program.

The law provides a number of safeguards designed to avoid unsound training and fraudulent practices by veterans and school operators.

One of the most constructive safeguards against unsound training is the provision prohibiting the Veterans' Administration from enrolling eligible veterans in courses below college level, offered in proprietary profit or proprietary nonprofit schools, where more than 85 percent of the students enrolled are paying institutional charges through assistance provided by the Veterans' Administration or the school. A somewhat related provision prohibits the Veterans' Administration from approving the enrollment of a veteran in an educational institution which has been in operation for less than 2 years, subject to certain exceptions relating primarily to publicly supported educational institutions. In addition, administrative controls have been provided to prevent educational institutions from assessing charges against veterans, for tuition and other fees, in excess of the established charges for nonveterans enrolled in similar courses.

As indicated, education and training allowances are paid directly to veterans enrolled in approved courses. The Veterans' Administration is not responsible to educational institutions for payment of charges for tuition and other fees. Payment of these allowances is made in arrears, usually for monthly periods, upon the basis of appropriate monthly certifications of training and attendance signed by the veteran and the educational institution or training establishment concerned. Such allowances are discontinued if it is found that, according to the regularly prescribed standards and practices of the enrolling educational institution, the conduct or progress of the individual veteran is unsatisfactory.

Enrollment for avocational or recreational courses is prohibited. Bartending, ballroom dancing, and personality development courses are barred completely. Certain other courses are presumed to be avocational or recreational, but this presumption may be overcome under specified circumstances. Primary responsibility for approval of courses is lodged in the States and is exercised by State approval agencies. Although the State agencies are subject to certain minimum standards set by the law, the Veterans' Administration has no supervisory authority over their activities. The Veterans' Administration may discontinue payments to any veteran in training if it is found that the course in which he is enrolled fails to meet any of the governing statutory or regulatory provisions.

The law provides for recovery from institutions or training establishments of overpayments of education and training allowances to veterans if it is found that such overpayments resulted from willful or negligent failure of the institution or establishment to report excessive absences, discontinuance, or interruptions of courses. Recovery may also be affected where overpayments are the result of false certification made by institutions or training establishments.

PAST AND ESTIMATED PARTICIPATION UNDER EDUCATIONAL PROGRAMS

Tables 4 and 5 which follow graphically show the number of veterans trained under the existing GI bills in each State and the general types of training they have taken. Table 6 combines information with respect to the existing program with the projection made by the Veterans' Administration of the numbers who would train under S. 1138.

TABLE 5.—*Number of veterans of World War II who entered training in each State*¹

State or Territory	Veterans of World War II ²	Total entered training ³	Type of training			
			Institutions of higher learning	Schools below college level	Institutional on-farm	On-the-job
Total ⁴	15,411,000	7,800,000	2,200,000	3,500,000	700,000	1,400,000
Alabama.....	253,000	171,000	32,300	70,000	30,000	38,700
Alaska.....	9,000	5,700	1,000	4,000	400	300
Arizona.....	79,000	39,200	11,700	17,800	2,100	7,600
Arkansas.....	156,000	102,500	17,500	33,300	32,700	19,000
California.....	1,253,000	580,800	216,500	261,600	13,900	88,800
Colorado.....	140,000	87,000	37,000	25,000	7,000	18,000
Connecticut.....	205,000	87,600	28,700	34,700	500	23,700
Delaware.....	29,000	14,200	3,600	6,100	400	4,100
District of Columbia.....	105,000	99,100	39,300	49,300	0	10,500
Florida.....	308,000	171,200	38,300	88,800	11,400	32,700
Georgia.....	290,000	191,000	34,400	77,400	28,000	51,200
Hawaii.....	39,000	16,600	3,500	11,300	300	1,500
Idaho.....	55,000	33,000	7,000	11,000	7,000	8,000
Illinois.....	885,000	442,600	140,800	207,300	31,800	62,700
Indiana.....	398,000	181,400	54,600	66,400	16,200	24,200
Iowa.....	220,000	111,000	31,200	30,200	21,000	28,600
Kansas.....	185,000	87,700	29,700	23,900	10,600	23,500
Kentucky.....	245,000	114,000	24,000	38,500	27,500	24,000
Louisiana.....	239,000	155,000	30,700	90,600	16,400	17,300
Maine.....	83,000	38,700	6,200	14,300	2,400	15,800
Maryland.....	242,000	121,900	35,500	59,900	2,700	23,800
Massachusetts.....	527,000	246,400	92,100	101,800	500	52,000
Michigan.....	681,000	275,000	88,500	140,800	12,000	33,700
Minnesota.....	297,000	142,700	44,500	51,300	18,800	28,100
Mississippi.....	162,000	119,000	26,000	44,000	30,000	19,000
Missouri.....	387,000	227,500	51,500	95,200	35,700	45,100
Montana.....	59,000	28,900	7,600	8,800	5,000	7,500
Nebraska.....	119,000	65,500	16,500	17,600	12,100	19,300
Nevada.....	18,000	7,700	2,200	3,700	400	1,400
New Hampshire.....	55,000	23,300	5,400	8,800	1,000	8,100
New Jersey.....	555,000	209,600	56,600	123,300	2,700	27,000
New Mexico.....	72,000	37,400	11,000	15,200	3,800	7,400
New York.....	1,598,000	790,000	263,000	426,000	9,000	92,000
North Carolina.....	338,000	197,900	34,300	65,700	49,100	48,800
North Dakota.....	48,000	22,800	6,600	4,600	5,300	6,300
Ohio.....	858,000	383,100	123,900	170,800	19,500	68,900
Oklahoma.....	214,000	135,000	40,000	38,000	28,000	29,000
Oregon.....	166,000	77,000	27,000	31,000	5,000	14,000
Pennsylvania.....	1,164,000	587,700	134,500	327,800	13,200	112,200
Puerto Rico.....	54,000	43,600	5,100	36,000	1,200	1,300
Rhode Island.....	94,000	32,800	12,300	12,800	300	7,400
South Carolina.....	163,000	102,000	16,400	49,400	25,200	11,000
South Dakota.....	57,000	25,500	6,600	6,500	6,500	5,900
Tennessee.....	299,000	203,000	37,000	80,000	41,000	45,000
Texas.....	774,000	453,000	137,300	200,400	47,200	68,100
Utah.....	72,000	46,000	19,300	13,500	4,000	9,200
Vermont.....	32,000	16,000	4,000	4,200	1,800	6,000
Virginia.....	302,000	116,300	27,600	42,500	15,600	30,600
Washington.....	230,000	110,900	39,000	51,600	5,000	15,300
West Virginia.....	190,000	73,600	18,400	28,200	6,600	20,400
Wisconsin.....	307,000	131,600	45,200	40,400	12,800	33,200
Wyoming.....	28,000	14,400	4,000	4,600	3,000	2,800

¹ Totals and other data rounded.² March 1955.³ April 1955; source data show VA regional office having current jurisdiction of veterans' records. Distribution by State estimated from foregoing.⁴ Includes veterans residing in foreign countries, not identified below.

TABLE 6.—Number of Korean veterans who entered training in each State cumulative through June 17, 1959

State	Total	Institutions of higher learning	Schools below college level	Farm	Job
Total.....	2, 229, 100	1, 123, 300	798, 200	91, 300	216, 300
Continental United States, total:					
Alabama.....	57, 400	20, 600	32, 200	1, 000	3, 600
Alaska.....	1, 300	400	900	(1)	(1)
Arizona.....	14, 100	9, 400	3, 200	100	1, 400
Arkansas.....	22, 000	9, 000	6, 000	4, 100	2, 900
California.....	218, 500	151, 000	49, 400	1, 000	17, 100
Colorado.....	26, 200	16, 600	5, 400	1, 000	3, 200
Connecticut.....	27, 700	13, 800	8, 500	(1)	5, 400
Delaware.....	3, 500	1, 600	1, 100	(1)	800
District of Columbia.....	28, 200	12, 400	12, 900	(1)	2, 900
Florida.....	60, 800	23, 600	31, 800	700	4, 700
Georgia.....	61, 600	22, 100	32, 100	2, 100	5, 300
Idaho.....	7, 700	3, 700	2, 400	600	1, 000
Illinois.....	115, 200	57, 400	41, 700	7, 200	8, 900
Indiana.....	46, 500	27, 200	12, 600	2, 900	3, 800
Iowa.....	31, 600	15, 100	5, 500	7, 700	3, 300
Kansas.....	22, 900	15, 800	3, 700	2, 300	1, 100
Kentucky.....	32, 600	13, 400	12, 000	3, 800	3, 400
Louisiana.....	43, 700	16, 000	24, 000	1, 200	2, 500
Maine.....	7, 900	3, 000	2, 700	(1)	2, 200
Maryland.....	27, 600	15, 500	8, 100	300	3, 700
Massachusetts.....	72, 400	35, 800	26, 600	(1)	10, 000
Michigan.....	75, 800	43, 000	26, 500	1, 100	5, 200
Minnesota.....	49, 800	22, 200	15, 000	6, 200	6, 400
Mississippi.....	26, 700	17, 300	6, 500	1, 400	1, 500
Missouri.....	59, 000	15, 700	33, 100	4, 500	5, 700
Montana.....	7, 900	4, 700	1, 300	300	1, 600
Nebraska.....	22, 500	8, 800	4, 700	6, 200	2, 800
Nevada.....	2, 200	1, 500	400		300
New Hampshire.....	6, 000	2, 500	2, 200	(1)	1, 300
New Jersey.....	51, 100	26, 300	18, 100	(1)	6, 700
New Mexico.....	12, 300	6, 300	4, 700	200	1, 100
New York.....	192, 500	105, 900	68, 000	200	18, 400
North Carolina.....	58, 800	21, 000	19, 700	8, 200	9, 900
North Dakota.....	10, 200	5, 400	2, 600	1, 300	900
Ohio.....	89, 700	49, 600	28, 800	1, 500	9, 800
Oklahoma.....	39, 300	24, 400	11, 000	1, 500	2, 400
Oregon.....	19, 600	12, 200	5, 700	300	1, 400
Pennsylvania.....	134, 300	59, 800	59, 600	500	14, 400
Rhode Island.....	10, 300	3, 500	5, 400	(1)	1, 400
South Carolina.....	29, 900	8, 500	17, 400	1, 300	2, 700
South Dakota.....	12, 000	5, 400	1, 600	4, 000	1, 000
Tennessee.....	48, 900	21, 000	17, 100	4, 900	5, 900
Texas.....	130, 100	74, 200	47, 300	3, 800	4, 800
Utah.....	19, 300	13, 000	4, 600	400	1, 300
Vermont.....	3, 700	1, 500	700	300	1, 200
Virginia.....	31, 800	11, 700	10, 500	3, 000	6, 600
Washington.....	35, 900	21, 400	11, 300	200	3, 000
West Virginia.....	21, 300	11, 100	5, 900	400	3, 900
Wisconsin.....	40, 500	22, 800	8, 900	3, 100	5, 700
Wyoming.....	3, 300	2, 100	400	400	400
Outside United States:					
Territories and possessions, total.....	48, 500	10, 800	36, 200	100	1, 400
Foreign, total.....	6, 500	6, 300	200	-----	(1)

1 Less than 50.

TABLE 7.—Probable participation and total amounts of educational allowances by State under readjustment training program proposed by the Veterans' Readjustment Assistance Act of 1959 (S. 1138)

State	Total veteran population		Experience, World War II and Korean programs		Post-Korean veteran population		Participation and allowances for post-Korean veterans (1st 5 years only)	
	World War II ¹	Korean conflict	World War II veterans trained (Public Law 346)	Koreans veterans trained (Public Law 550) through Jan. 31, 1959	In civil life Dec. 31, 1958 ²	Total expected from service period Feb. 1, 1955, through June 30, 1963 ³	Veterans expected to train ⁴	Amounts of educational allowances ⁵
Total.....	15,265,000	4,488,000	7,800,000	2,229,000	687,000	4,230,000	1,328,000	-----
Continental United States:								
Alabama.....	237,000	97,000	171,000	57,000	12,000	92,000	34,000	\$60,700,000
Alaska.....	9,000	3,000	6,000	1,000	1,000	3,000	800	600,000
Arizona.....	82,000	28,000	39,000	14,000	6,000	26,000	8,000	11,400,000
Arkansas.....	132,000	49,000	103,000	22,000	9,000	46,000	13,000	21,400,000
California.....	1,317,000	366,000	581,000	218,000	47,000	345,000	130,000	170,500,000
Colorado.....	157,000	39,000	87,000	26,000	6,000	37,000	16,000	22,300,000
Connecticut.....	217,000	59,000	88,000	28,000	11,000	9,000	17,000	19,200,000
Delaware.....	39,000	10,000	14,000	4,000	3,000	55,000	2,000	2,200,000
District of Columbia.....	95,000	22,000	99,000	28,000	4,000	22,000	17,000	27,700,000
Florida.....	367,000	112,000	171,000	61,000	13,000	106,000	36,000	49,300,000
Georgia.....	277,000	94,000	191,000	62,000	16,000	88,000	37,000	56,200,000
Idaho.....	54,000	18,000	33,000	8,000	3,000	16,000	5,000	7,500,000
Illinois.....	931,000	221,000	443,000	115,000	36,000	209,000	69,000	85,800,000
Indiana.....	402,000	113,000	161,000	47,000	18,000	107,000	28,000	37,400,000
Iowa.....	220,000	70,000	111,000	32,000	12,000	66,000	19,000	33,100,000
Kansas.....	177,000	57,000	88,000	23,000	8,000	54,000	14,000	17,900,000
Kentucky.....	235,000	85,000	114,000	33,000	11,000	80,000	19,000	27,900,000
Louisiana.....	228,000	68,000	155,000	44,000	13,000	64,000	26,000	45,600,000
Maine.....	79,000	29,000	39,000	8,000	5,000	28,000	5,000	6,500,000
Maryland.....	257,000	68,000	122,000	28,000	11,000	64,000	16,000	13,000,000
Massachusetts.....	477,000	138,000	246,000	72,000	23,000	130,000	43,000	50,200,000
Michigan.....	694,000	182,000	275,000	76,000	30,000	171,000	45,000	57,100,000
Minnesota.....	297,000	88,000	143,000	50,000	15,000	83,000	30,000	40,400,000
Mississippi.....	146,000	54,000	119,000	27,000	9,000	52,000	16,000	30,200,000
Missouri.....	374,000	113,000	228,000	59,000	17,000	107,000	35,000	51,600,000
Montana.....	58,000	18,000	29,000	8,000	2,000	17,000	5,000	6,900,000
Nebraska.....	116,000	42,000	66,000	22,000	7,000	39,000	13,000	22,300,000
Nevada.....	21,000	8,000	8,000	2,000	1,000	7,000	1,000	1,300,000
New Hampshire.....	55,000	18,000	23,000	6,000	2,000	16,000	4,000	5,000,000
New Jersey.....	566,000	142,000	210,000	51,000	20,000	134,000	30,000	29,800,000

New Mexico.....	60,000	21,000	37,000	12,000	3,000	20,000	7,000	10,800,000
New York.....	1,534,000	378,000	790,000	192,000	58,000	357,000	114,000	123,400,000
North Carolina.....	330,000	123,000	198,000	59,000	17,000	115,000	35,000	53,000,000
North Dakota.....	44,000	19,000	23,000	10,000	3,000	18,000	6,000	12,100,000
Ohio.....	867,000	217,000	383,000	90,000	34,000	205,000	54,000	59,900,000
Oklahoma.....	201,000	75,000	135,000	39,000	11,000	70,000	23,000	39,600,000
Oregon.....	168,000	42,000	77,000	20,000	7,000	39,000	12,000	16,200,000
Pennsylvania.....	1,118,000	314,000	588,000	134,000	44,000	296,000	80,000	101,600,000
Rhode Island.....	93,000	25,000	33,000	10,000	3,000	24,000	6,000	10,100,000
South Carolina.....	160,000	60,000	102,000	30,000	11,000	56,000	18,000	30,500,000
South Dakota.....	54,000	20,000	26,000	12,000	2,000	19,000	7,000	13,000,000
Tennessee.....	284,000	98,000	203,000	49,000	15,000	93,000	29,000	43,900,000
Texas.....	762,000	226,000	453,000	136,000	36,000	213,000	77,000	119,800,000
Utah.....	72,000	22,000	46,000	19,000	4,000	22,000	12,000	19,000,000
Vermont.....	29,000	12,000	16,000	4,000	2,000	11,000	2,000	3,000,000
Virginia.....	308,000	108,000	116,000	32,000	12,000	102,000	19,000	25,300,000
Washington.....	235,000	73,000	111,000	36,000	11,000	69,000	21,000	29,200,000
West Virginia.....	177,000	66,000	74,000	21,000	10,000	62,000	13,000	16,600,000
Wisconsin.....	312,000	94,000	132,000	40,000	18,000	88,000	24,000	35,500,000
Wyoming.....	26,000	8,000	14,000	3,000	1,000	7,000	2,000	3,200,000
Outside United States:								
Territories and possessions, total.....	94,000	69,000	60,000	49,000	13,000	65,000	29,000	79,700,000
Foreign, total.....	21,000	7,000	20,000	6,000	1,000	6,000	4,000	4,800,000

¹ Dec. 31, 1958.

² Estimate of post-Korean veterans in civil life on Dec. 31, 1958, based on 1-percent sample of separations from Armed Forces; does not provide for migration subsequent to separation. Data rounded to nearest thousand.

³ Total veterans expected from Feb. 1, 1955, through June 31, 1963, service period excludes persons expected to remain in the military service after end of 1st period of service

which began during that time. Estimate of distribution by State is based on distribution of Korea veteran population.

⁴ State distribution of trainees expected in 1st 5 years is based on cumulative experience with Korean veterans.

⁵ State distribution of estimated educational and vocational training allowances for 1st 5 years is based on cumulative data for Korean veterans.

VOCATIONAL REHABILITATION TRAINING

(SEC. 3. OF BILL)

The purpose of section 3 of the bill is to restore the employability of veterans who sustained a disability arising from service either between July 25, 1947, and June 27, 1950, or subsequent to January 31, 1955. This is accomplished by amending chapter 31, title 38, of the United States Code, so as to provide a program of vocational rehabilitation training for these veterans. A bill of similar purpose, S. 4213, which was reported last session by the committee through Senator Thurmond, then chairman of the Subcommittee on Veterans' Affairs, was passed by the Senate in August 1958. Like that bill, section 3 of S. 1138 will establish vocational rehabilitation as a permanent program.

To obtain benefits under section 3, a veteran must be in need of vocational rehabilitation training to overcome the handicap of a disability incurred in or aggravated by active military service. The Administrator of Veterans' Affairs would determine whether the disabled veteran does have need of such training and would also prescribe, consistent with the degree of disability, the kind of training necessary to prepare the veteran for employment.

As compared to existing programs of vocational rehabilitation training, section 3, as reported, requires a stricter standard of proof regarding need for such training. Under existing programs, all veterans with service connected disabilities have the benefit of a non-conclusive presumption that training is needed. Under this bill, if the disability is rated as less than 30 percent, it must be clearly shown that the veteran has a pronounced employment handicap growing out of such disability.

Section 3 of the bill also affects in a minor way the program of vocational rehabilitation already provided for Korean veterans. Presently, all Korean veterans do not have the same length of time within which to complete a program of vocational rehabilitation. This problem is corrected by language in the bill which provides a uniform completion period measured from the veteran's date of discharge or release from service.

BACKGROUND OF SECTION 3

The type of program provided for pre-Korean and post-Korean veterans by section 3 of this bill has been demonstrated to be a most worthwhile program, both from the standpoint of the Nation and of the individual veteran. A review of similar programs, hitherto provided by the Congress for veterans of World War II and of the Korean conflict, bears this out.

In 1943, more than 2 years before the end of World War II, the Congress, recognizing the need to restore the employability of veterans disabled during military service, enacted the Vocational Rehabilitation Act for Disabled Veterans of World War II (Public Law 16, 78th Cong.). This act provided that any veteran of World War II—

* * * who has a disability incurred in or aggravated by such service for which pension is payable under laws administered by the Veterans' Administration, or would be but for receipt of retirement pay, and is in need of vocational

rehabilitation to overcome the handicap of such disability, shall be entitled to such vocational rehabilitation as may be prescribed by the Administrator of Veterans' Affairs to fit him for employment consistent with the degree of disablement: * * *

Later, after the commencement of the Korean conflict, the Congress provided a program of vocational rehabilitation for Korean veterans by the enactment of Public Law 894, 81st Congress. This program is still in effect and will be extended to post-Korean veterans by the enactment of this legislation.

In administering the vocational rehabilitation programs, the Veterans' Administration utilizes the services of counseling psychologists who help the veteran select an employment objective in the light of the veteran's disability, personal characteristics, and general circumstances. Physicians, social workers, and other professionals are called upon to help disabled veterans make a successful occupational adjustment. Also utilized in this cooperative effort are the training resources and experience of private industry and educational institutions.

The rehabilitation program is necessarily addressed to all major occupations and, hence, training thereunder takes on a variety of forms. Some disabled veterans are trained through courses given in vocational schools, at institutions of higher learning, or on the job in business establishments. Others receive training on farms, and a small number require individual instruction. Illustrative of the diversity of the training are the following tables which derive from experience under Public Law 16 and Public Law 894, and which indicate the distribution of veterans among various occupational objectives.

TABLE 8.—Occupational objectives of World War II disabled veterans who have entered training under Public Law 16¹

Major occupational group	Number
Total.....	594, 711
Professional.....	122, 175
Semiprofessional.....	40, 916
Managerial and official.....	43, 459
Clerical and kindred.....	36, 484
Sales and kindred.....	31, 127
Service.....	13, 502
Agricultural.....	79, 913
Trade and industrial.....	227, 135

¹ Based on entries into training prior to Nov. 30, 1952; the relatively small number (approximately 19,000 of veterans who have enrolled since that date) are not included in this summary.

TABLE 9.—Occupational objectives of disabled Korean veterans who have entered vocational rehabilitation training¹

Major occupational group	Number
Total.....	57, 900
Professional.....	16, 400
Semiprofessional.....	4, 800
Managerial and official.....	3, 700
Clerical and kindred.....	6, 100
Sales and kindred.....	900
Service.....	2, 200
Agricultural.....	3, 300
Trade and industrial.....	20, 500

¹ Based on entries into training prior to December 1953.

Because, as a prerequisite to obtaining rehabilitation training, a veteran must have a service-connected disability and also must have actual need of the training, participation in the rehabilitation program has not been high. Only slightly more than 600,000 veterans of World War II have undertaken training since the program for World War II veterans began in 1943. This is equivalent to 4 percent of all veterans who served during World War II, but, more significantly, it constitutes only 27 percent of all World War II veterans with service-connected disabilities.

Through March 31, 1959, approximately 59,700 disabled Korean veterans had entered training under the vocational rehabilitation program. This is equivalent to 1.10 percent of all Korean veterans, and constitutes 23 percent of all disabled Korean veterans.

The effectiveness of vocational rehabilitation training in improving or restoring the employability of disabled veterans is now well established. A comprehensive nationwide study conducted by the Veterans' Administration into disabled veterans' post-training employment experiences shows that the vast majority of disabled veterans who receive rehabilitation training, find employment and successfully adjust to their jobs. Veterans in the study group (over 7,000 randomly selected veterans of World War II) were also found to have average weekly earnings which compare favorably with the average earnings of similar age groups in the total male and nonveteran populations.

More specifically, the study showed that regular employment had been found by 95 percent of the veterans who had been declared rehabilitated. Among veterans who had undertaken but not completed training, 86 percent were found to be employed. At the time the survey was conducted, 97 percent of the total civilian labor force of the country were employed. Thus, the employment experience of disabled veterans who received vocational rehabilitation training compares favorably with the employment experience of the total labor force.

In testifying in favor of this program during the hearings on the bill (S. 1138) a Veterans' Administration representative stated that:

* * * One major followup [study] showed that 95 percent of the veterans who completed their training were employed; 9 out of every 10 veterans under this group were using the skills in their employment that they had acquired in the course of their training.

From these facts the committee is satisfied that the basic purpose of the vocational rehabilitation training programs, namely, to restore the employability of disabled veterans, is being accomplished. Physical handicaps which were once regarded as insurmountable have been overcome by the Nation's disabled veterans who have trained under the programs. Moreover, since rehabilitation work has progressed rapidly during the 16-year history of the programs, even greater benefits can be expected from future operations of the rehabilitation training programs.

POST-KOREAN REHABILITATION

In view of the demonstrated benefits of the vocational rehabilitation training program for disabled veterans of World War II and of the Korean conflict, the committee recommends that a similar program be made available for pre-Korean and post-Korean veterans who sustain disabling injuries or illnesses by reason of active military service.

The need for such a program is clear. Because of the Universal Military Training and Service Act, individuals must serve in the Armed Forces throughout troubled parts of the world, thereby subjecting themselves to mental and physical hazards which are peculiar to military service and which do not exist in normal civilian employment. The actual occurrence of service-connected disabilities will, of course, be far less during periods of relative peace, as compared to periods of war or armed conflict. Nonetheless, in the view of the committee, when one of these veterans does sustain a service-connected disability which causes a serious employment handicap, he is entitled to be restored as nearly as possible to the employability status he might have attained had the handicap not occurred. The committee, therefore, finds that vocational rehabilitation training should now be recognized as a proper obligation of the Government to veterans who entered the Armed Forces between July 25, 1947, and June 27, 1950, or subsequent to January 31, 1955, and who have need of such training to overcome the handicap of a physical or mental disability incurred in or aggravated by active military service.

HOME AND FARM LOAN ASSISTANCE

(SEC. 4 OF BILL)

As conceived under the two previous GI bills, the home and farm loan guaranty program was designed to facilitate the extension of credit to young veterans who would be establishing households, commencing farming, or venturing into self-owned businesses, but who as a consequence of service at military pay scales had been deprived of normal ability to accumulate savings and had not previously established credit and employment records. For the veterans lack of credit standing, the Federal Government could supply a practical substitute—it pledged its own credit by offering to guarantee loans made on terms designed to place veterans in parity with their contemporaries who had remained in the more lucrative pursuits of civil life.

The original veterans loan guaranty program was established by the GI bill of 1944. The program enjoyed immediate success and a similar program was subsequently established for Korean veterans under the Korean GI bill of 1952.

VALUE OF PROGRAM TO VETERANS

Through May 31, 1959, private lenders had made over 5,310,000 home loans, 71,300 farm loans, and 233,650 business loans, totaling more than \$46½ billion.

Home loans, which represent 95 percent of all the loans guaranteed, have totaled more than \$45½ billion in Government underwritten credit to veterans. Primary loans were made for the purchase of

2,660,000 new homes and 2,164,000 existing homes. The remainder were secondary or home improvement loans. More than 26 percent of the primary home loans were made with no downpayment and more than 50 percent were made with maturities in excess of 20 years. These liberal terms, which would not have been available under other types of mortgage financing, have made it possible for millions of veterans to attain home ownership at a time when their resources would not otherwise have permitted home purchase.

The veterans who have purchased homes with a Government underwritten loan are considerably younger than their nonveteran counterparts. During the last 3 years, the median age of veteran home buyers was just a little over 32 years. According to the 1956 national housing inventory, the median age of the household head of owner-occupied, single, nonfarm, dwelling units with a VA-guaranteed mortgage was 35 years, as compared with a median age of 41 years for owners with FHA loans, and of 44 years for owners with conventional loans.

Much of the shift from renter-occupied to owner-occupied dwelling units in recent years is undoubtedly attributable to the impact of the veterans' home loan program. This development without question carries a salutary influence for the well-being of the families of the veterans and for the general social fabric of the Nation. Certainly, the vast majority of the veterans who have purchased, constructed, or repaired their homes with the aid of GI loans were enabled to do so much earlier in life than would have otherwise been the case. Since it is generally agreed that those families who live in their own homes attain a better adjustment to their community and often develop stronger family ties, it follows that a large social gain for the Nation as a whole has been obtained by establishing vast numbers of veterans in their own homes.

That veterans have exhibited such stability is evidenced by the manner in which they have met their loan obligations. Through the end of May of this year, more than 26 percent of all GI home loans had been repaid in full; losses by the Government on its guaranty or insurance contract with the lenders had occurred in only about nine-tenths of 1 percent of the total number of home loans made. At the end of March 1959 net expenditures for claim payments and property and loan acquisitions exceeded assets by some \$6½ million. These assets included the value of acquired properties on hand and \$16½ million in debts owed to the Government by veteran borrowers as a result of guaranty payments made in their behalf. When these losses are compared with the more than \$46½ billion of loans underwritten, it must be conceded that losses under the program have been infinitesimal and that the veterans have made a truly remarkable record in meeting their loan obligations.

NATIONAL VALUES

Not only has the GI loan program proved tremendously beneficial to the millions of veteran participants but it has also exerted a profound influence in the homebuilding and mortgage-lending industries. During the past 8 years, 1951 through 1958, there were nearly 9 million nonfarm private dwelling units started in the United States. Of this total, 18.5 percent were started under VA inspection procedures preparatory to their proposed sale to veterans. In addition, many new units started during this same period under inspection by the Federal Housing Administration, also resulted in GI loans. The ratio of VA starts to total nonfarm private starts during these years has varied with the availability of GI mortgage financing, reaching a peak in 1955 when nearly 30 percent of all private starts were started with VA inspection.

The trend on VA starts is shown in table 8 below. Table 9 shows the participation by State in the veterans' loan program, on a cumulative basis through May 31, 1959.

TABLE 10.—Comparative data on total nonfarm private starts and VA starts

Year	Total nonfarm private starts	VA starts	
		Number	Percent of total starts
1951.....	1,020,100	148,634	14.6
1952.....	1,068,500	141,274	13.2
1953.....	1,068,300	156,616	14.7
1954.....	1,201,700	307,038	25.5
1955.....	1,309,500	391,789	29.9
1956.....	1,093,900	270,675	24.7
1957.....	992,800	128,302	12.9
1958.....	1,141,500	102,105	8.9

TABLE 11.—*Closed loans guaranteed or insured, cumulative through May 31, 1959*

State	All loans		Home loans		Farm loans		Business loans	
	Number	Principal amount	Number	Principal amount	Number	Principal amount	Number	Principal amount
Total.....	5, 615, 234	\$46, 594, 352, 151	5, 310, 270	\$45, 661, 151, 962	71, 314	\$282, 610, 586	233, 650	\$650, 589, 603
Alabama.....	70, 310	567, 897, 480	66, 344	556, 971, 293	2, 868	6, 855, 937	1, 098	4, 070, 250
Alaska.....	386	2, 478, 223	295	2, 097, 785	-----	-----	91	380, 438
Arizona.....	30, 134	240, 530, 808	28, 554	235, 936, 553	281	977, 581	1, 299	3, 616, 674
Arkansas.....	29, 360	165, 233, 006	25, 843	156, 132, 066	1, 666	3, 927, 352	1, 851	5, 173, 688
California.....	725, 396	7, 028, 445, 205	709, 232	6, 966, 349, 073	1, 244	8, 237, 543	14, 920	53, 858, 689
Colorado.....	71, 754	630, 650, 231	64, 318	601, 881, 475	5, 193	21, 919, 072	2, 243	6, 849, 684
Connecticut.....	81, 520	748, 686, 681	77, 926	739, 458, 475	41	349, 204	3, 553	8, 879, 002
Delaware.....	23, 379	230, 152, 472	23, 064	228, 594, 176	146	888, 628	169	669, 668
District of Columbia.....	91, 898	1, 072, 264, 096	89, 686	1, 066, 869, 566	5	36, 000	2, 207	5, 358, 530
Florida.....	136, 307	1, 203, 650, 428	134, 953	1, 198, 730, 882	61	227, 325	1, 293	4, 692, 221
Georgia.....	101, 121	827, 151, 124	96, 492	812, 487, 498	2, 451	7, 270, 082	2, 178	7, 393, 544
Hawaii.....	7, 678	79, 144, 589	7, 501	78, 643, 250	1	3, 900	176	407, 439
Idaho.....	14, 892	102, 337, 264	13, 913	98, 517, 963	506	2, 019, 007	473	1, 800, 294
Illinois.....	219, 662	1, 934, 559, 945	211, 396	1, 900, 119, 150	1, 917	7, 452, 821	6, 349	17, 987, 974
Indiana.....	107, 901	721, 414, 198	103, 049	703, 925, 332	2, 279	9, 778, 339	2, 573	7, 710, 527
Iowa.....	72, 799	493, 329, 685	63, 910	461, 648, 610	5, 544	19, 737, 807	3, 645	11, 943, 268
Kansas.....	54, 543	375, 781, 424	50, 499	362, 699, 456	1, 572	5, 924, 819	2, 472	7, 157, 149
Kentucky.....	46, 100	342, 605, 566	42, 243	329, 507, 684	2, 004	10, 078, 736	1, 753	5, 919, 146
Louisiana.....	68, 182	600, 065, 211	66, 488	595, 397, 158	582	1, 462, 860	1, 112	3, 205, 193
Maine.....	24, 815	129, 837, 002	22, 596	123, 182, 430	451	1, 607, 066	1, 768	5, 047, 506
Maryland.....	93, 227	748, 956, 405	91, 254	743, 025, 631	251	1, 531, 561	1, 722	4, 399, 213
Massachusetts.....	265, 336	2, 231, 433, 421	257, 431	2, 210, 906, 235	174	1, 205, 499	7, 731	22, 321, 687
Michigan.....	214, 310	1, 840, 014, 210	209, 170	1, 823, 244, 472	981	4, 095, 901	4, 159	12, 673, 837
Minnesota.....	113, 269	940, 856, 337	103, 815	919, 589, 094	3, 455	13, 673, 492	5, 999	16, 593, 751

Mississippi.....	33,895	230,914,899	30,702	221,023,871	2,688	8,049,459	505	1,841,569
Missouri.....	132,220	1,074,388,185	121,538	1,039,214,195	5,072	20,077,648	5,610	15,096,342
Montana.....	12,693	98,351,559	11,176	93,008,341	490	1,754,955	1,027	3,588,263
Nebraska.....	27,037	176,298,420	24,080	167,639,157	1,661	4,709,589	1,296	3,949,674
Nevada.....	3,540	26,796,522	3,281	25,760,602	74	313,189	185	722,731
New Hampshire.....	32,303	193,698,077	30,133	185,085,697	301	1,584,196	1,869	7,028,184
New Jersey.....	281,221	2,518,948,147	259,462	2,473,832,188	109	766,075	21,650	44,349,884
New Mexico.....	30,427	249,178,245	29,384	245,301,852	358	1,310,851	685	2,565,542
New York.....	637,873	5,273,473,697	547,709	5,047,355,283	2,948	14,071,132	87,216	212,047,282
North Carolina.....	63,939	467,932,210	62,394	461,468,609	482	2,363,994	1,063	4,099,607
North Dakota.....	12,530	75,936,130	8,843	64,967,685	2,248	6,488,645	1,439	4,479,800
Ohio.....	266,958	2,276,872,903	261,798	2,254,059,554	2,256	12,270,271	2,904	10,543,078
Oklahoma.....	96,515	662,273,267	93,079	650,658,609	1,913	6,384,417	1,523	5,230,241
Oregon.....	35,479	261,838,235	31,106	247,166,793	744	3,073,284	3,629	11,608,158
Pennsylvania.....	412,613	2,995,117,793	399,400	2,948,262,013	2,652	13,581,625	10,561	33,274,155
Puerto Rico.....	4,363	5,260,993	4,053	4,387,480	2	4,300	308	866,213
Rhode Island.....	38,604	286,616,154	37,518	282,556,513	7	58,250	1,079	4,001,391
South Carolina.....	38,623	275,054,399	36,957	269,711,621	496	1,498,201	1,170	3,846,577
South Dakota.....	12,516	71,191,451	9,044	61,453,959	2,089	5,325,712	1,383	4,408,786
Tennessee.....	91,092	665,374,653	89,131	657,018,595	1,076	5,129,960	885	3,226,098
Texas.....	331,377	2,706,468,363	321,721	2,669,253,254	4,502	19,199,431	5,154	18,015,678
Utah.....	26,395	218,086,728	25,468	215,014,592	160	773,251	737	2,298,885
Vermont.....	15,431	87,676,225	13,982	81,710,546	737	3,292,733	712	2,672,946
Virginia.....	77,876	624,870,333	75,485	615,698,478	819	3,926,236	1,572	5,245,519
Washington.....	115,618	852,287,041	111,343	839,162,241	432	2,483,085	3,843	10,641,715
West Virginia.....	22,110	137,824,617	21,069	134,015,165	412	1,451,162	629	2,357,290
Wisconsin.....	88,637	736,453,472	82,072	710,660,779	2,728	12,672,370	3,837	13,120,323
Wyoming.....	9,070	75,794,422	8,570	73,797,983	155	735,033	345	1,261,406

The 2,660,000 GI loans on newly constructed homes have contributed importantly to the growth of our national product. Not only have these loans provided employment for construction workers, but also they have contributed to the general growth of the economy by providing markets for the producers of construction materials and for the manufacturers of home equipment. Their importance in the mortgage investment field can be judged by the fact that GI loans account for nearly 30 percent of the mortgage portfolios presently held by private lenders on 1-family to 4-family nonfarm homes.

In addition to its guaranty of loans, the Veterans' Administration has also made direct home loans to veterans. In recognition of the fact that private financing on GI loan terms was not generally available in rural areas and small cities and towns remote from metropolitan centers, the Congress in 1950 authorized the Veterans' Administration to make loans directly to veterans in certain defined "housing credit shortage areas." At the present time 2,466, or 80 percent of the 3,075 counties in the United States have been designated as wholly eligible for direct loans; parts of 271 additional counties have been designated as housing credit shortage areas; and the remaining 338 counties are wholly ineligible for direct loans. About 67 percent of the eligible World War II and Korean veterans live in the nondesignated areas and the remaining 33 percent live in the eligible direct loan areas. On a cumulative basis, nearly 35 percent of the veterans in the wholly excluded counties have obtained VA-guaranteed loans from private lending sources as compared with only 11 percent of the veterans in the wholly designated counties.

From the beginning of the direct lending program in mid-1950 through May 1958, the Veterans' Administration has made over 135,500 direct loans for the purchase or construction of homes in housing credit shortage areas, involving over a billion dollars of credit. To date, over 6 percent of the direct loans have been repaid in full, 6 percent have been sold to private investors, and it has been necessary to foreclose on only a little over six-tenths of 1 percent of the direct loans made.

POST-KOREAN LOAN ASSISTANCE

It is the residential financing afforded by these two programs which this legislation seeks to provide for those members of the Armed Forces who have served since the Korean conflict during the period of compulsory military service. The legislation calls for these post-Korean veterans to pay a fee for the guaranty privilege, which could not be in excess of one-half of 1 percent of the amount of their loan, and which would be used to pay the losses under the program. In that manner it is proposed that a fund for the payment of claims would be accumulated.

Post-Korean veterans would have 10 years after the cessation of drafted service under the Universal Military Training and Services Act to utilize the guaranty benefits afforded under the legislation on loans made by private lending sources. The direct lending benefits are available only until July 25, 1960, at which time such authority ceases under existing statute.

EXPLANATION OF COMMITTEE AMENDMENTS

The committee amendments to section 1912(c) and section 1913 of the proposed new chapter 40 to title 38 of the United States Code preserve the educational and vocational training entitlements of certain career personnel who continue in military service with breaks in service of 90 days or less. Under the amendments, these personnel may commence training within 3 years after their first separation from service which is not followed by a reenlistment or reentry in 90 days or less and may pursue education or training until 8 years after that separation.

The amendment to section 1970 of such proposed new chapter provides that the education and training program for post-Korean veterans will take effect September 1, 1959. If the bill does not become law prior to that date, retroactive payments of education and training allowances are provided to eligible veterans for qualified education or training pursued by them on or after that date. In order that the Administrator may have sufficient authority to deal with the problems which may arise in some cases in making payments retroactively, he is authorized to prescribe regulations for making such payments.

Amendments to section 1908(a)(1)(C) of the proposed new chapter 40 to title 38, and the proposed new section 1818(a) to chapter 37 of such title, substitute, respectively, in the education and training and loan assistance program a requirement of a period of active duty of more than 180 days in place of the 90-day period specified in the bill as introduced. If the veteran was separated for a service-connected disability, the length of his service period would not be a factor in establishing basic eligibility for these programs.

The amendments to section 3 of the bill implement two recommendations made by the Administrator of Veterans' Affairs. They authorize vocational rehabilitation training for veterans needing it for a disability which arose during the period between July 25, 1947, and June 27, 1950—that is, between the end of World War II and the beginning of the Korean conflict. The section 3 amendments also provide a stricter standard of proof regarding need for vocational rehabilitation in the cases of veterans rated as less than 30 percent disabled. In these cases, the veteran will receive vocational rehabilitation only if there is a clear showing that his disability has caused a pronounced employment handicap.

An amendment to section 5 of the bill eliminates the provisions concerning mustering-out pay.

All other amendments are of a technical and clarifying nature.

GENERAL EXPLANATION OF S. 1138

EDUCATION AND VOCATIONAL TRAINING

(SEC. 2)

Eligibility.—To be eligible for educational or vocational training assistance the veteran must have served on active duty between January 31, 1955, and July 1, 1963, for a period of more than 180 days, and must have been discharged under conditions other than dishonorable. In the case of a veteran discharged from service for

a disability incurred on active duty the length of his active duty service would not be a factor in establishing basic eligibility.

Length of education or training.—The education or vocational training period would be calculated by multiplying $1\frac{1}{2}$ times each day of the veteran's active military service between January 31, 1955, and July 1, 1963, and with respect to a veteran on active duty on June 30, 1963, active military service after such date until his first discharge or release from active service succeeding such date. The maximum education or training period to which a veteran could become entitled is 36 months. In computing a veteran's period of active military service, for purposes of determining his period of education or training, there would be an exclusion of time spent in certain courses of education sponsored by the Armed Forces.

Kinds of training.—Eligible veterans may use their educational entitlements to pursue the following kinds of training:

(1) School courses, both at college and below college level. These courses may be pursued full time, three-fourths time, one-half time, or less than one-half time.

(2) Cooperative courses, combining school and on-the-job training in alternating cycles. All cooperative courses must be pursued on full-time basis.

(3) Correspondence courses and flight training.

(4) On-the-job training: All job training must be pursued on full-time basis.

(5) Institutional on-farm training: All farm training courses must be on full-time basis.

Educational allowances.—A monthly allowance, paid directly to the veteran by the Veterans' Administration, is the means by which the veteran is assisted in the pursuit of a program of education. For a full-time program in an educational institution, the education or training allowance would be as follows: For a veteran without dependents, \$110 a month; for a veteran with one dependent, \$135 a month; and for a veteran with more than one dependent, \$160 a month. Proportionate rates are fixed for allowances concerning less than full-time courses, as well as on-the-job and on-the-farm training. From the education and training allowance, the veteran must meet all of the costs incident to his education—tuition, subsistence, books, supplies, fees, etc.

Expiration dates.—Veterans must commence education or training under the bill within 3 years after their separation from service and complete their training within 8 years after separation; however, with respect to persons separated from service prior to the date of enactment of the bill, these delimiting periods respecting commencement of training shall begin with the date of enactment of the bill. All education or training ends on June 30, 1973, except that certain career personnel may use their educational entitlements beyond that date and the method of computing the 3- and 8-year delimiting periods in career cases is liberalized so that the last period of service from which they are measured may include brief interruptions in service.

VOCATIONAL REHABILITATION FOR DISABLED VETERANS

(SEC. 3)

Eligibility.—To be eligible for vocational rehabilitation training, a veteran must have need of such training, as determined by the Administrator of Veterans' Affairs, to overcome the handicap of a physical or mental disability rated at 10 percent or more of total disability. The disability must be a service-connected disability arising from active military service either between the end of World War II (July 25, 1947) and the beginning of the Korean conflict (June 27, 1950), or subsequent to the end of the Korean conflict (January 31, 1955). Disabilities rated as 30 percent or more enjoy a nonconclusive presumption that training is needed; in cases involving disabilities rated as less than 30 percent the veteran must clearly show that the disability has caused a "pronounced employment handicap." The general requirement for a discharge under conditions other than dishonorable would apply.

Length of training.—The length of training is dependent upon the needs of the veteran. In general, the period is limited to 4 years; however, upon appropriate findings by the Administrator of Veterans' Affairs, additional time may be granted.

Kinds of training.—The veteran may enroll in an institution offering college training, in an institution below the college level, or in any other type of training which, in the view of the Administrator of Veterans' Affairs, is designed to lead to the veteran's vocational rehabilitation.

Expiration dates.—While there is no overall termination date with respect to the vocational rehabilitation program, there are dates beyond which individual veterans may not receive training. Generally veterans may not receive training more than 9 years after discharge or release from active military service. However, with respect to veterans who become eligible for vocational rehabilitation by virtue of the enactment of this bill, training may be afforded such persons until 9 years after the enactment of the bill or 9 years after discharge or release from service, whichever is later. In addition, in certain hardship situations, the generally applicable expiration dates would be extended for 4 years. The additional 4-year period would be accorded in cases where (1) severe disability prevents training; (2) subsequent changes in discharges provide eligibility for training; and (3) service-connected disabilities are not established in time to begin and complete training before the general expiration dates.

Subsistence.—A vocational rehabilitation trainee would receive a minimum subsistence allowance of \$65 a month if he has no dependents, or \$90 a month if he has one or more dependents; a full-time institutional trainee would receive \$75 a month if he has no dependents, \$105 a month if he has one dependent, and \$120 a month if he has more than one dependent. Operative along with these rates is the following "floor" on combined compensation under the veterans disability laws and the subsistence allowance under this bill: Where the service-connected disability is less than 30 percent, the rate, if the veteran has no dependents, is \$105 a month, if he has one dependent, \$115 a month, plus \$10 for one child and \$7 for each additional child, and \$15 for a dependent parent. Where the disability is rated at 30

percent or more, the rates for the above classifications would be \$115, \$135, \$20 for one child and \$15 for each additional child, and \$15 for a dependent parent.

HOME AND FARM LOAN ASSISTANCE

(SEC. 4)

General statement.—This section would make post-Korean veterans eligible for Veterans' Administration guaranty loans and direct loans similar in type to those available to World War II and Korean veterans under existing law. There are, however, several notable distinctions between the proposed loans for post-Korean veterans and those already available to World War II and Korean veterans: First, the loan rights of post-Korean veterans would not extend to the business loans and insured loans which are available to World War II and Korean veterans under sections 1813, 1814, and 1815 of title 38 of the United States Code. Second, there would not be a "special" direct loan program for post-Korean veterans. Direct loans authorized by this bill for post-Korean veterans would be subject to the present direct loan laws under which no direct loan may be made after July 25, 1960. Third, unlike the loans available to Korean veterans, the proposed loans for post-Korean veterans would be subject to a guaranty fee in a sum not to exceed one-half of 1 percent of the amount of the loan. The guaranty fee is intended to be used in the accumulation of a reserve fund sufficient to cover any losses that might arise under the program, the goal being to make the post-Korean loan program altogether self-sustaining. The amount of the fee may be included in the loan to the veteran and paid from the proceeds thereof. The fee would be deposited in a mortgage guaranty fund which would be used by the Administrator of Veterans' Affairs to carry out the aforementioned purposes.

Eligibility.—To be eligible under the loan provisions of the bill, a veteran must have served on active duty between January 31, 1955, and July 1, 1963, for a period of more than 180 days, and must have been discharged under conditions other than dishonorable. In the case of a veteran discharged from service for a disability incurred on active duty, the length of his active duty service would not be a factor in establishing basic eligibility. The widow of a deceased veteran whose death resulted from active service would also be eligible.

Purpose and conditions of loans.—The loans are for the purpose of assisting eligible veterans to purchase (a) homes, including homes on farms, and (b) farmlands, livestock, machinery, and so forth, to be used in farming operations conducted by veterans. Banks or other lending institutions would make the loans, with the Government guaranteeing 60 percent of a loan for residential real estate, or 50 percent of other real estate loans. The Government's guarantee with respect to a real estate home loan could not exceed \$7,500, and with respect to other real estate loans could not exceed \$4,000, or a prorated portion thereof. Loans of both types, or combinations thereof, would be guaranteed with interest at the rate generally applicable under the loan program for World War II and Korean veterans. (Presently, the interest rate may not exceed $5\frac{1}{4}$ percent per annum.) The loans would have maturities of not more than 30 years; except in the case of farm realty the maturities could be for 40 years. Under certain conditions, and

in certain rural areas, the Veterans' Administration is authorized to lend up to \$13,500 directly to the veteran when private capital is not available for a guaranty loan.

Expiration dates.—Loans may be guaranteed if made before July 1, 1973. If a loan report or application for loan guaranty is received by the Administrator of Veterans' Affairs before such date, an additional period not to exceed 1 year will be allowed for disbursement of the loan and issuance of evidence of guaranty.

EFFECTIVE DATE OF BILL

The provisions of the bill shall become effective immediately upon its enactment, except that the educational and vocational training provisions of section 2 shall become effective on September 1, 1959. Persons enrolled in courses of education on September 1 would be entitled to educational allowances from that date, although they could not receive payment until after enactment of the bill.

SECTION-BY-SECTION EXPLANATION OF THE BILL

SECTION 1, SHORT TITLE

The first section of the bill provides that the act may be cited as the "Veterans' Readjustment Assistance Act of 1959."

SECTION 2(a), EDUCATION OF VETERANS

Subsection (a) of section 2 of the bill adds a new chapter 40 to title 38, United States Code, which establishes a program of education and training for veterans serving between January 31, 1955, and July 1, 1963, comparable to that provided veterans of the Korean conflict by the Veterans' Readjustment Assistance Act of 1952. There follows an analysis of the provisions of the new program identified by section of the new chapter 40.

CHAPTER 40—EDUCATION OF VETERANS WHO SERVE BETWEEN JANUARY 31, 1955, AND JULY 1, 1963

SUBCHAPTER I—DEFINITIONS

Section 1908. Definitions

Subsection (a) of this section defines certain key terms used in the chapter. The term "eligible veteran" is defined to indicate the basic qualifications which must be possessed by a person in order to be eligible for benefits under the act. These include service on active duty in the Armed Forces at any time between January 31, 1955, and July 1, 1963, a discharge or release therefrom under conditions other than dishonorable, and total service (exclusive of any period assigned to a civilian institution for study) for a period of more than 180 days, or a discharge for actual service-incurred disability. Like the Korean GI bill, a person may not be considered an eligible veteran for the purpose of the new program while he is on active duty in the Armed Forces.

The terms "program of education or training," "course," "dependent," "educational institution," "training establishment," "State," and "Commissioner" are defined in identical terms to that applicable to the Korean education and training program.

Subsection (b) provides that benefits shall not be afforded under the new program to any individual on account of service as a commissioned officer of the Coast and Geodetic Survey or of the Regular or Reserve Corps of the Public Health Service. In general, benefits of the Korean education and training program are not available to officers of the Coast and Geodetic Survey or the Public Health Service but are available if they were detailed or assigned to one of the military services.

Subsection (c) contains a congressional declaration that the new education and training program is for the purpose of providing vocational readjustment and for restoring lost educational opportunities to those servicemen and women whose educational or vocational ambitions had been interrupted or impeded by reason of service between January 31, 1955, and July 1, 1963.

SUBCHAPTER II—ELIGIBILITY

Section 1910. Entitlement to education or training generally

This section merely states that each eligible veteran shall be entitled to the education and training provided in the act and subject to its terms.

Section 1911. Duration of veteran's education or training

Eligible veterans will receive education and training for not more than 36 months. The actual amount of entitlement will be computed on the basis of one and a half times the duration of his service on active duty between January 31, 1955, and July 1, 1963. However, a person on active duty on June 30, 1963, may continue to accrue entitlement on the basis of service after that date until his first discharge or release thereafter. No entitlement will accrue for any period in which the veteran was assigned to a civilian institution for a course of education or training which is substantially the same as civilian courses, served as a cadet or midshipman at one of the service academies, or for any period of active duty from which the veteran derived entitlement under the Korean program. The maximum entitlement of 36 months will be reduced by any period of education or training previously received under either the World War II or the Korean readjustment programs, war orphans' schooling, or vocational rehabilitation training previously received as a disabled veteran.

Subsection (b) of this section provides that in the case of an eligible veteran enrolled in an educational institution regularly operated on the quarter or semester system if his period of entitlement ends during a quarter or semester and after a major part thereof has expired, such entitlement shall be extended to the termination of such unexpired quarter or semester. In cases of veterans enrolled in educational institutions not operated on the quarter or semester system, wherever the period of entitlement ends after a major portion of the course is completed, such entitlement may be extended to the end of the course or for 9 weeks, whichever is the lesser period.

Subsection (c) provides that correspondence training shall be charged against the veteran's entitlement on the basis of one-fourth of the elapsed time in following such a program.

SUBCHAPTER III.—ENROLLMENT

Section 1912. Commencement; time limitations

In order for a veteran to receive education or training assistance, he must initiate his program within 3 years after his discharge or release from active duty. However, in recognition of the fact that more than 4 years have passed since the termination of the Korean conflict period, a special provision is included with respect to persons discharged before the date of enactment of the bill allowing them to measure their 3-year delimiting period from such date of enactment. Following the pattern of Public Law 85-807, if a person is unable to initiate a program within the prescribed time because he is given a discharge under dishonorable conditions and this is corrected by competent authority, he may have additional time after the discharge was corrected in which to commence a program.

Subsection (b) prescribes that on and after the delimiting date by which the veteran must initiate his program an eligible veteran must pursue his training continuously until completion, except for conditions found by the Administrator to be beyond his control or for suspensions of not more than 12 consecutive months.

Subsection (c) specifies that for the purpose of computing the delimiting periods for commencing and completing a program, a veteran's date of discharge shall be the date of his discharge or release from his last period of active duty which began before July 1, 1963. There is an important new qualification to this principle. In order that career personnel will not lose any educational entitlements which they may have earned, it is provided that such last period of active duty will not be regarded as terminated for the purpose of computing the 3- and 8-year delimiting periods by any discharge or release followed by a break in active duty status of not more than 90 days prior to reenlistment or reentry.

Section 1913. Expiration of all education and training

A veteran must complete his program by the date 8 years after his discharge or release from active duty, or 8 years after the enactment of the bill, whichever is later. A special provision permits a veteran who is permitted to make a delayed initiation because of an improper type discharge, later corrected, to pursue his program for not more than 5 years thereafter.

There is a general overall terminal date for the program of June 30, 1973; except for career personnel who continue in military service with breaks in service of 90 days or less. They may commence training within 3 years after their first separation which is not followed by a reenlistment or reentry in 90 days or less and may pursue education or training until 8 years after that separation.

Section 1920. Selection of program

Subject to certain provisions designed to prevent abuses, the selection of the program of education or training and the selection of the educational institution or training establishment is discretionary with the eligible veteran. The veteran may only train in a foreign country at approved educational institutions of higher learning, and the Administrator is authorized to deny or discontinue the enrollment of any veteran in a foreign educational institution if he finds that such enrollment is not in the best interests of the veteran or the Government.

Section 1921. Applications; approval

In order to receive the benefits of the new program the eligible veteran is required to submit an application to the Administrator. The Administrator must approve such application unless he finds that the veteran is not eligible for the benefit, has already qualified by reason of previous education or training for the objective for which he now wishes to train, or the program of education or training itself fails to meet the requirements of the program.

Section 1922. Change of program

The veteran is authorized to make one change in his program of education or training. Prior to the delimiting date for initiating a program, there are no additional restrictions upon the program to which the veteran wishes to change beyond those applicable to an original selection. However, if the veteran delays changing his program until after the delimiting date, he may only make such change if the Administrator finds that either the new program is a normal progression from the first, or that the veteran unavoidably is not making satisfactory progress in his present program and that the new program is more in keeping with his aptitudes or previous training.

This section contains a subsection (c) which is not present in the Korean GI educational program but which would have been made applicable to that program by S. 4031, 85th Congress, which passed the Senate on August 14, 1958, but was not acted on by the House. This provision will eliminate an undesirable situation which sometimes occurs under the existing program by providing that a change from the pursuit of one program to the pursuit of another where the first is prerequisite to, or generally required for, entrance into the pursuit of the second will be considered a continuation of his original program rather than a change to a new program.

Section 1923. Disapproval of enrollment in certain courses

Two safeguards which have proved their value under the Korean program are made applicable to the new program. These are the prohibition against avocational and recreational training, and the requirement that at least a 15 percent nonveteran enrollment must be maintained before the enrollment of additional veteran trainees may be approved in nonaccredited courses. The latter provision, together with the requirements of section 1925, is designed to afford assurance that nonaccredited courses below the college level must prove themselves by attracting nonveteran students who are willing to pay their own money for the instruction furnished.

Section 1924. Discontinuance for unsatisfactory progress

The Administrator is required to discontinue the education and training allowance for a veteran if he finds that the veteran's conduct or progress is unsatisfactory according to the regularly prescribed standards and practices of the school or training establishment.

Section 1925. Period of operation for approval

With certain exceptions, an eligible veteran may not receive the benefits of this program when enrolled in a course which has been in operation for less than 2 years. The principal exceptions are courses offered by public schools and by institutions of higher learning.

Section 1926. Institutions listed by Attorney General

No benefits may be paid under the program to any veteran for training received in an educational institution or training establishment which is listed by the Attorney General under section 3 of part III of Executive Order 9835, as amended—the so-called subversive list.

SUBCHAPTER IV—PAYMENTS TO VETERANS

Section 1931. Education and training allowance

Like the Korean GI educational program, the benefits of this bill consist of education and training allowances paid in arrears to the veteran upon the receipt by the Administrator of certification by the veteran and the educational institution or training establishment that the veteran had pursued his course in the prescribed manner. The bill provides that so far as practicable the allowances will be paid within 20 days after receipt by the Administrator of the required certifications.

Section 1932. Computation of education and training allowances

Education and training allowances would be payable as shown on the following table:

TABLE 12.—Education and training allowances under S. 1138

	No depend- ents	1 dependent	2 or more dependents
Institutional training:			
Full-time.....	110	135	160
¾-time.....	80	100	120
½-time.....	50	60	80
Less than ½-time.....	(1)	(1)	(1)
Combination training.....	90	110	130
On-job training ²	70	85	105
Institutional on-farm training ³	95	110	130
Correspondence training.....	(4)	(4)	(4)
Flight training.....	(4)	(4)	(4)

¹ Established institutional charges, or \$110 for full-time courses, whichever is less.

² Subject to reduction as training progresses and a ceiling of \$310 per month on allowance and income from productive labor performed as part of training.

³ Subject to reduction as training progresses.

⁴ Established charges prorated quarterly. 75 percent of established charges; entitlement reduced by 1 day for each \$1.25.

No education and training allowance would be payable to a veteran where the payment would constitute a duplication of benefits to the veteran from the Federal Treasury.

Section 1933. Measurement of courses

Standards identical with those applicable to the Korean GI program are prescribed to be used in determining what constitutes a full-time course in certain cases. The Administrator is authorized to prescribe what will constitute full-time training in other cases and what will constitute part-time training.

Section 1934. Overcharges by educational institutions

If an educational institution charges an eligible veteran tuition or fees higher than those charged other students, the Administrator may disapprove the institution for the enrollment of eligible veterans not already enrolled. There is an exception to this—in the case of a tax-supported public institution which does not have established

charges for tuition and fees which it requires nonresident students to pay, such institution may charge and receive from each eligible veteran who is a resident an amount equal to the estimated cost of teaching personnel and supplies for instruction attributable to such veteran, but in no event to exceed the rate of \$10 per month for a full-time course.

When an educational institution is disapproved for the enrollment of a veteran under this section, it is also disapproved for the enrollment of veterans under the Korean education and training program, for vocational rehabilitation, or for war orphans' schooling.

SUBCHAPTER V—STATE APPROVING AGENCIES

Section 1941. Designation

The chief executive of each State is requested to create or designate a State department or agency as the "State approving agency" for his State, unless such is otherwise established by law. It is assumed that in most cases the chief executive would designate the department or agency that is presently acting as State approving agency for the purposes of the Korean GI education program. If a State should fail or decline to designate a State approving agency, the bill provides that the Administrator would act as the approving agency for that State.

Section 1942. Approval of courses

An eligible veteran would be able to receive the benefits of the new program only if he was enrolled in a course of education or training which is approved by the State approving agency. To avoid unnecessary duplication, if a course is approved for training under the Korean GI program it would generally be considered approved for the purposes of the new program.

Section 1943. Cooperation

The necessity for cooperation between the Administrator and the State approving agencies under the veterans' educational program and the fact that definite duties, functions, and responsibilities are conferred upon each by the bill are explicitly set forth. The Administrator is directed to furnish the State approving agencies with copies of such VA informational material as may aid them in carrying out the new program.

Section 1944. Use of Office of Education and other Federal agencies

The general provisions of the Korean GI educational program for utilization by the Administrator of facilities and services of the Office of Education and other Federal departments and agencies are carried forward to the new program.

Section 1945. Reimbursement of expenses

The Administrator is authorized to reimburse States and local agencies for rendering necessary services in ascertaining the qualifications of educational institutions and training establishments, for the supervision of such institutions and establishments, and for furnishing any other services he may request.

SUBCHAPTER VI—APPROVAL OF COURSES OF EDUCATION AND TRAINING

Section 1951. Apprentice or other training on the job

Section 1952. Institutional on-farm training

Section 1953. Approval of accredited courses

Section 1954. Approval of nonaccredited courses

The standards for the approval of the types of training indicated by the section designations are carried forward without change from the Korean GI program. In each case, they prescribe minimum standards and procedures which must be met before the institution or establishment may be approved by the State approving agency or the Administrator, as the case may be. The State approving agency may prescribe additional fair and reasonable standards if deemed advisable.

Section 1955. Notice of approval of courses

The State approving agencies are required to advise educational institutions as to the courses which have been approved for the purpose of the program, with an official copy to the Administrator.

Section 1956. Disapproval of courses and discontinuance of allowances

The State approving agencies are directed to immediately disapprove any course which fails to meet any of the requirements of the new program. An official notice of such disapproval must go to the educational institution or training establishment by certified or registered letter of notification.

The Administrator is also authorized to discontinue the education and training allowances of a veteran if he finds that the course of education or training in which the veteran is enrolled fails to meet the requirements of the program, or if the institutional establishment offering the course has violated any of the provisions of the new program.

SUBCHAPTER VII—MISCELLANEOUS PROVISIONS

Section 1961. Authority and duties of Administrator.

Payments under the new program will be subject to audit and review by the General Accounting Office.

Section 1962. Educational and vocational counseling

The Administrator is authorized to provide educational and vocational counseling to eligible veterans. He is also authorized to make available information concerning the need for general education and for trained personnel in the various crafts, trades, and professions, utilizing the facilities of other Federal agencies for collecting such information to the extent practicable.

Section 1963. Control by agencies of United States

The prohibition against the exercise of supervision or control by a department or agency or officer of the United States over a State approving, educational, or apprenticeship agency, or over any educational institution or training establishment, is carried forward to the new program. A similar provision was applicable to the World War II and Korean GI programs, as well as to the war orphans' schooling.

Section 1964. Conflicting interests

Strict provisions are provided to avoid situations which might result in a conflict of interests in the cases of VA and Office of Education employees, as well as those of a State approving agency. The Administrator, however, after reasonable notice and public hearing, may waive the application of these provisions if he finds that no detriment will result to the United States or to eligible veterans by reason of an interest or connection by such an officer or employee with an educational institution operated for profit.

Section 1965. Reports by institutions

Educational institutions and training establishments are required to report to the Administrator the enrollment, interruption, and termination of the education and training of eligible veterans. The Administrator is authorized to pay to educational institutions an allowance at the rate of \$1 per month per enrolled veteran to assist in defraying the expense of preparing and submitting the required reports and certifications.

Section 1966. Overpayments to veterans

If the Administrator finds that an overpayment has been made to the veteran as the result of the willful or negligent failure of the educational institution or training establishment to file the required report, or as the result of a false certification by such educational institution or training establishment, the amount of the overpayment becomes a liability of the institution or establishment to be recovered in the same manner as any other debt to the United States. The amount so collected would be reimbursed if the overpayment is recovered from the veteran.

Section 1967. Examination of records

The records and accounts of an educational institution or training establishment pertaining to veteran-trainees are to be made available for examination by representatives of the Government.

Section 1968. False or misleading statements

The Administrator is forbidden to make payments under the new program to a person found by him to have willfully submitted a false or misleading claim. If an educational institution or training establishment, or a veteran with the complicity of an educational institution or establishment, has submitted such a claim, the Administrator is directed to make a complete report to the appropriate State approving agency, and where deemed advisable, to the Attorney General.

Section 1969. Information furnished by Federal Trade Commission

The Federal Trade Commission is directed to keep all State approving agencies advised of any information coming to its attention which would assist the agencies in carrying out their duties under the new program.

Section 1970. Effective date of chapter

The education and training provisions of the bill would become effective September 1, 1959. It is provided that should the bill be enacted thereafter, retroactive payments of education and training allowances will be made to eligible veterans who pursue a qualified program of education or training on or after that date.

SECTION 2 (b) AND (c) OF S. 1138

The table of chapters at the beginning of title 38, United States Code, and part III of such title would each be amended to include the heading of the new post-Korean education and training program. These are purely perfecting amendments.

SECTION 2(d) OF S. 1138

Section 2(d) makes a number of technical amendments to various provisions of title 38 which are required by reason of the inclusion of the new education and training program, as follows:

(1) By amending section 102(a), a potential conflict between the definition of dependent parent for the purpose of the new program and the general criteria for determining dependency of parents is avoided.

(2) Section 111(a) is amended to permit the Administrator to pay a veteran's necessary expenses of travel in connection with educational and vocational counseling in connection with the new program in the same manner as under the Korean GI educational program.

(3) Section 211(a) is amended to avoid a technical conflict between the new section 1961, authorizing review of payments under the new program by the General Accounting Office, and the Administrator's general finality of decision.

(4) Section 1662 is amended to provide a statutory basis for the Administrator's advising and consulting with his Advisory Committee for Vocational Rehabilitation and Education on matters arising under the new program. This Committee is composed of persons eminent in their respective fields of education, labor, and management, and of representatives of the various types of institutions and establishments which furnish education and training to veterans. This Committee presently operates with respect to the Korean GI educational program, vocational rehabilitation, and war orphans' schooling.

(5) Section 1711 is amended to provide that the period of entitlement of a veteran to war orphans' schooling should be reduced by any period of education or training received under the new program for post-Korean veterans in the same way as it is now reduced by education or training received under one of the existing veterans' programs.

(6) Section 1734 is amended to provide that if an educational institution is disapproved because it overcharged a war orphan pursuing a course, it would also be disapproved for the purpose of the new post-Korean program. This amendment complements the provisions of the new section 1934 which provides for disapproval of an institution under the War Orphans' Act if a post-Korean veteran-trainee is overcharged.

(7) This amendment applies to the new program the same provisions with respect to effective dates of awards as applies to other education and training programs administered by the Veterans' Administration.

(8) Section 1611 is amended to provide for reduction in the entitlement under the Korean GI education program for any period of education or training received under the new program. This complements the provisions of the new section 1911 which provides for

reduction in entitlement for the post-Korean program for education and training received under the Korean GI program.

(9) Section 1634 is amended to provide for the disapproval of an educational institution under the Korean GI program if it overcharges a trainee under the new program for post-Korean veterans. Again, this is a necessary complement to the provisions of the new section 1934.

SECTION 2(E) OF S. 1138

Section 12 (a) of Public Law 85-857, which saves the World War II education and training program from repeal with respect to a few specially circumstanced individuals, would be amended to prevent a duplication of educational benefits. While this program has largely expired, a limited number of individuals can train as late as January 31, 1965.

SECTION 3, VOCATIONAL REHABILITATION

Basic eligibility for vocational rehabilitation on the same basis as it has heretofore been available for disabled veterans of World War II or the Korean conflict would be extended to persons in need of such rehabilitation as the result of a disability incurred in service between July 25, 1947, and June 27, 1950, or after January 31, 1955. Vocational rehabilitation training would be extended to veterans with disabilities rated as 30 percent or more on the same basis as for World War II and Korean conflict veterans. Such training would also be available to persons with disabilities rated as less than 30 percent if such disability is clearly shown by the veteran to have caused a pronounced employment handicap. It is to be especially noted that this program would not be limited to the period ending June 30, 1963, as in the case of the readjustment programs, but would become a permanent program applicable equally to future periods of war and peace.

The requirement that vocational rehabilitation may not be afforded beyond 9 years after the veteran's discharge or release from service, which was made applicable to the Korean vocational rehabilitation program by Public Law 610 of the 83d Congress, would be applied to the new group of veterans.

The present termination date for the program for Korean conflict veterans is removed. This may be a slight liberalization as to a few Korean conflict veterans who were not discharged until after the end of that conflict period and consequently had less than 9 years after their discharge or release to receive vocational rehabilitation, but this liberalization is completely equitable.

Persons needing vocational rehabilitation for a disability incurred after the end of the Korean conflict, but before the date of the bill's enactment, would be allowed a full 9 years after such enactment to receive vocational rehabilitation.

In certain hardship cases, each of the 9-year periods referred to in the foregoing paragraphs may be extended by 4 years.

The remaining subparagraphs of section 3 makes certain technical perfections necessitated by the extension of the program to post-Korean veterans.

SECTION 4. HOME AND FARM LOAN ASSISTANCE

A veteran who served on active duty between January 31, 1955, and July 1, 1963, would be made eligible for certain benefits of the GI loan program if his total service was for a period of more than 180 days or if he was discharged from service, some part of which occurred during the eligibility period, for a service-connected disability. The benefits which would be authorized would be the guarantee of home and farm loans, as well as loans to refinance certain types of delinquent indebtedness. The program of direct loans to veterans in housing credit shortage areas would also be made available to the new group.

To avoid duplication of benefits, no veteran would be eligible for a loan guarantee as the result of post-Korean service so long as he is eligible for GI loan benefits derived from service during either World War II or the Korean conflict. After the time for utilizing the World War II or Korean entitlement has expired, such a veteran, if also eligible for the new benefit by service after January 31, 1955, could qualify for the benefits of the new program, but only to the extent that he had not used his entitlement under the earlier programs.

As in the case of the education and training program, the benefits under the new GI loan program shall not be afforded to any individual on account of service as a commissioned officer in the Coast and Geodetic Survey or the Regular or Reserve Corps of the Public Health Service.

Loans may be guaranteed under the new program if made before July 1, 1973. This follows the pattern applicable to the Korean program and provides 10 years after the end of the basic service period for utilization of the benefit. An additional period of not to exceed 1 year would be allowed for disbursement of the loan if a loan report or application for loan guarantee is received by the Administrator before July 1, 1973.

The direct loan program, which has always existed on a temporary basis, would not be extended for any additional period of time beyond that currently authorized for veterans of World War II and the Korean conflict. The current expiration date for the direct loan program is July 25, 1960. No additional direct loan funds would be authorized.

A distinctive feature of the program for post-Korean veterans is that such veterans must pay a fee not exceeding one-half of 1 percent of the total loan amount to the Administrator as a prerequisite for guaranteeing or making a loan under the new program. These fees, together with all other moneys received under the program, including those from the management or sale of properties, or the liquidation of any security acquired under the guarantee program, are to be deposited in a mortgage guarantee fund which is to be available for the payment of guarantees and for other transactions arising from the guarantee of loans. To protect the lender, however, it is provided that if the balance in the fund at any time is insufficient to carry out the provisions of the chapter with respect to guarantee transactions, the Administrator shall use funds appropriated to the Veterans' Administration under the heading "Readjustment Benefits" for such purpose on a reimbursable basis to the extent practical.

Other provisions in this section provide necessary authority for the management of the fund and for its orderly termination at the time the program ends.

DEPARTMENTAL REPORTS

VETERANS' ADMINISTRATION,
Washington, D.C., March 24, 1959.

Hon. LISTER HILL,
*Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

DEAR SENATOR HILL: The following comments are furnished in response to your request for a report by the Veterans' Administration on S. 1138, 86th Congress, which, if enacted, would be cited as the "Veterans' Readjustment Assistance Act of 1959."

S. 1138 has two related but distinct purposes. It would provide several readjustment benefits for persons serving in the Armed Forces between the end of the Korean conflict period and July 1, 1963, namely, education and training, home and farm loan guarantees and direct loans, and mustering-out pay. These benefits would be patterned after those provided for Korean veterans by the Veterans' Readjustment Assistance Act of 1952. The proposed terminal date of July 1, 1963, would coincide with the date specified in pending legislation to extend the authority to induct individuals into the Armed Forces for training and service under the Universal Military Training and Service Act. Secondly, S. 1138 would extend vocational rehabilitation benefits as now provided for disabled veterans of World War II and the Korean conflict to veterans in need thereof to overcome the employment handicap of a disability arising from service after the end of the Korean conflict period. Vocational rehabilitation would become a permanent program and not limited to those serving during the post-Korean induction period.

READJUSTMENT BENEFITS

Section 2 of the bill would establish, as a chapter 40 of title 38, United States Code, a separate education and training program for the post-Korean veteran group. The new program, however, would in all essentials be identical with that provided for Korean veterans (ch. 33 of title 38). With minor exceptions, the variations are either purely matters of form or necessary technical changes to adapt the provisions to the new service group and to insure against overlaps between the new program and existing programs for the World War II and Korean groups.

Very briefly, under the bill a post-Korean veteran could receive monetary assistance in pursuing a program of education or training for a period equal to one and a half times his active duty during the specified eligibility period (including in the case of a veteran on active duty on the last day of the period his continuous service thereafter), but in no event may he accrue more than 36 months, training entitlement. Persons who had acquired eligibility for education or training assistance from the Government by reason of their World War II or Korean conflict service or who had qualified for similar assistance under the war orphans' educational assistance program would be eligible for the new benefit, but the period of entitlement would be reduced by an amount equivalent to that which they had received under one of the other programs.

Permissible types of education and training would cover the full range available to Korean veterans, including college and school

training, on-job and on-farm training, as well as correspondence courses. An example of the assistance provided is the case of a veteran with two dependents pursuing a school course on a full-time basis who would receive an education and training allowance of \$160 per month, or a total maximum assistance of \$5,760. After his discharge or release from induction period service, an eligible veteran would have 3 years to commence, and 8 years to complete his program. A veteran discharged or released before the date of the bill's enactment could measure these 3- and 8-year periods from such date of enactment. No education or training could be afforded after June 30, 1973.

We note that the proposed section 1922 contains text identical with that which would have been added to the comparable requirements of the Korean Readjustment Act by S. 4031, 85th Congress, as reported by your committee and passed by the Senate at the end of the last Congress. We recommend favorable consideration of S. 4031, since it made a slight, but desirable, liberalization of the conditions under which a veteran trainee might change his program of education or training.

Section 4 of the bill would provide home and farm loan guarantee benefits to persons who served during the post-Korean induction period which would be similar to the benefit now available to World War II and Korean veterans. They would also be eligible for direct loans under the same conditions as are applicable to the World War II and the Korean groups, subject, however, to the existing cutoff date of July 25, 1960. Veterans of World War II or Korean service who serve during the specified post-Korean period would be eligible for the new benefits, but only to the extent of their unused World War II or Korean service entitlement.

Under this proposal loans could be guaranteed until July 1, 1973, with an additional year authorized for processing those loan applications received prior to the terminal date. Payment of a fee by the veteran of not over one-half percent of the loan amount would be a prerequisite for the guarantee of the loan or the making of a direct loan. The fees received by the Administrator would be placed in a mortgage guarantee fund to be used for the payment of claims, expenses, and losses arising out of guarantee transactions under the proposed program. The Administrator could use funds appropriated for readjustment benefits if the fund balance at any time is insufficient for this purpose, subject to reimbursement if and when practicable. Moneys in the fund could be invested in obligations issued or guaranteed by the Federal Government.

In passing, we note that veterans whose entire period of service occurred after World War II and prior to the Korean conflict, that is, between July 25, 1947, and June 27, 1950, would not be eligible under the proposed extension of loan benefits. Since this benefit will remain available for World War II veterans until July 25, 1960, the basis for such exclusion is not readily apparent.

Section 5 of the bill would extend a modified mustering-out payment program to the post-Korean group. This program is administered by the service departments rather than the Veterans' Administration, and we assume you will look to the Department of Defense, both for detailed comments and for recommendations with respect to this section of the measure.

The underlying purpose of education and training, loan guarantees, and the other readjustment benefits was to aid veterans whose normal activities had been seriously disrupted by wartime military service in their return to civilian life. Servicemen who entered the Armed Forces after the end of the Korean conflict period are entitled to death and disability compensation benefits, hospitalization and medical care for service-connected illnesses, and special term national service life insurance if they are disabled as a result of their service. In addition, unemployment compensation, which was one of the readjustment benefits afforded the Korean group by the Veterans' Readjustment Assistance Act of 1952, is now available to post-Korean veterans on a permanent basis pursuant to Public Law 85-848. Whether or not additional readjustment benefits in the form of education and training and preferential loan assistance should also be extended to veterans who serve during the period of the peacetime draft involves a determination of basic policy.

In considering this matter, the committee will recognize that except for actual disability the hazards and other handicaps of wartime service are not present to the same extent during peacetime. The specific period of peacetime service is generally of shorter duration and is known in advance and, we understand, present selective service policies are designed to promote a reasonable integration of schooling plans with military service. Hence, the individuals affected are afforded a better opportunity of anticipating the interruption of civilian life and consequently of making the necessary arrangements for minimizing the impact. Moreover, the element of mass demobilization, such as existed at the end of World War II, is not present and the civilian economy is, in general, able to absorb these young men upon discharge. With respect to the loan program, we note that present servicemen at discharge are normally well below the usual home-buying age for the general population and their service does not present a substantial obstacle to the acquisition of a home at the time they are ready to enter the housing market.

These extensive readjustment benefits should only be afforded if there is a clear showing of their necessity to enable present-day servicemen to make a satisfactory return to their civilian pursuits. These benefits, particularly education and training, are extremely costly, and their impact upon the current efforts to achieve a balanced Federal budget would be great. I do not believe that under present circumstances there is sufficient justification for legislation of this far-reaching character in behalf of veterans who have sustained no disablement in service.

VOCATIONAL REHABILITATION

In addition to the readjustment benefits heretofore discussed, the bill (sec. 3) would amend chapter 31 of title 38, United States Code, to extend the existing vocational rehabilitation program to persons disabled as a result of service after January 31, 1955, on the same basis as the program has been available for veterans of World War II and the Korean conflict. It is, therefore, similar in purpose to S. 4213, 85th Congress, upon which I favorably reported to your committee on August 4, 1958, and which, with amendments, passed the Senate on August 18, 1958.

Vocational rehabilitation for disabled veterans has proved to be extremely worthwhile, not only to the veterans themselves, but to the Nation as a whole in enabling persons disabled by their service to become self-sustaining. I wholeheartedly endorse the principle of extending it to the peacetime group as a permanent program to go hand in hand with our program of disability compensation. I would like to suggest for the consideration of the committee, however, the desirability of amending the text of the bill to assure that the program so extended will be sound, and limited to those who present a clear case of need for this special type of assistance.

In reporting to your committee last year on S. 4213 which, as introduced, would have provided the benefit only to those disabled by their service to the degree of 30 percent or more, I pointed out that there would be some individuals who, although their disability was rated for compensation purposes at less than 30 percent, would have as much need for vocational rehabilitation as those with higher rated disabilities. At that time I suggested that it might be well to extend the program to all persons needing vocational rehabilitation for a compensable disability; that is, a disability rated 10 percent or more. This approach was accepted by the committee in connection with that bill and is represented by the text of section 3 of the instant bill. After further careful study, we now believe that it would be desirable to emphasize that those persons with lesser rated disabilities should only receive the benefit if they can show a clear need for vocational rehabilitation, without benefit of the presumptions which are appropriately applied to those with more serious disabilities and which have been applied generally to the wartime disabled groups.

I therefore suggest that the language of the bill commencing at line 23, page 51, through line 4, page 52, be amended as follows:

"(a) Every veteran who is in need of vocational rehabilitation on account of a service-connected disability which is, or but for the receipt of retirement pay would be, compensable under chapter 11 of this title shall be furnished such vocational rehabilitation as may be prescribed by the Administrator, if such disability—

"(1) arose out of service during World War II or the Korean conflict; or

"(2) arose out of service after January 31, 1955, and is rated for compensation purposes as 30 per centum or more, or if less than 30 per centum is clearly shown to have caused a pronounced employment handicap."

If amended as suggested, section 3 of the bill would be consistent with the recommendation made by the President in his budget message of January 19 to the Congress, in which he recommended that "improved rehabilitation services should be provided for those few peacetime ex-servicemen with substantial service-connected disabilities."

The committee may also wish to consider further amending the bill to provide the benefit to those individuals disabled by reason of service between July 25, 1947, and June 27, 1950. There seems to be no real reason to exclude those few individuals disabled during that period who may still need and be able to benefit from this type of assistance.

ESTIMATES OF COST

For education and training

	Monthly average trainees	Cost of direct benefits
Fiscal year—		
1960-----	70,000	\$93,000,000
1961-----	246,000	327,000,000
1962-----	329,000	437,000,000
1963-----	375,000	498,000,000
1964-----	381,000	506,000,000
1965-----	379,000	504,000,000

Administrative cost would be about 4 percent of direct benefits cost.

Fiscal year 1964 would be the peak year. After that the annual cost should decline, based on the eligibility period of February 1, 1955, through June 30, 1963.

For home and farm loans

The cost to the Government of the proposed extension of the loan guarantee benefits is not subject to precise estimate. It is quite problematical whether a one-half of 1 percent fee (the maximum permitted by the bill) would be adequate for offsetting the expenses resulting from claims under the guarantee and the subsequent expenses which might result from acquisition of properties, their management and sale. To the extent that the mortgage guarantee fund, which would be derived primarily from such fees, proved inadequate to meet these expenses, they would be paid out of appropriated funds. No additional direct loan funds would be provided by the bill beyond those which will be available under present law for the World War II and Korean veterans. Hence, no additional direct loans would be authorized, but there would be an increased demand for the limited amount of direct loan money available.

If the number of entries into the Armed Forces continues at approximately the present rate, we estimate that from 3 million to 4 million veterans will become eligible for the loan benefits of the bill. Of this number, we would estimate that from 1 million to 1,250,000 veterans would use the benefit and obtain guaranteed loans at an estimated administrative expense, to be borne out of appropriations, of from \$40 million to \$50 million.

For vocational rehabilitation

	As proposed by sec. 3 of the bill	If sec. 3 is amended as proposed by VA
Fiscal year:		
1960-----	\$6,000,000	\$4,000,000
1961-----	13,000,000	8,000,000
1962-----	19,000,000	12,000,000
1963-----	24,000,000	15,000,000
1964-----	27,000,000	17,000,000

Administrative costs, including counselling and beneficiary travel, would approximate one-sixth of the direct benefit cost.

The foregoing estimates assume that vocational rehabilitation is extended but that an education or training benefit would not be available to post-Korean veterans. If education and training is generally available to the post-Korean group as a readjustment benefit, the foregoing estimates should be reduced by approximately one-half on the assumption that approximately 50 percent of the potential eligible disabled veterans will for one reason or another elect to take training under the readjustment program rather than the rehabilitation program.

SUMMARY OF VA POSITION

For the reasons stated, I do not believe that present circumstances justify providing special types of education and training and loan assistance which would be afforded by sections 2 and 4 of this bill, and accordingly I am unable to recommend favorable consideration of these features of S. 1138 by your committee. I defer to the Department of Defense with respect to mustering-out payments. However, I strongly favor the enactment of section 3 of the bill to provide vocational rehabilitation for peacetime veterans if the eligibility criteria are modified as we have suggested in connection with the detailed discussion of this provision of the bill.

Advice has been received from the Bureau of the Budget that there is no objection to the presentation of this report and that sections 2, 4, and 5 of S. 1138 would not be in accord with the program of the President. The Bureau further advised that it favors enactment of section 3 of the bill if modified as suggested in this report.

Sincerely yours,

SUMNER G. WHITTIER, *Administrator.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 24, 1959.

HON. LISTER HILL,
*Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

MY DEAR MR. CHAIRMAN: This is in reply to your letter of March 3, 1959, requesting views of the Bureau of the Budget on S. 1138, a bill to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955 and July 1, 1963.

We believe that three basic principles should guide the determination of benefits to be provided for ex-servicemen who entered the Armed Forces after January 31, 1955. First, these benefits must meet the real needs of ex-servicemen for readjustment or other assistance. Second, since these benefits may well assume the nature of permanently established programs, they should be carefully coordinated with other related social and economic programs of the Government. Third, in view of the continuing requirement for strong, effective Armed Forces, a sound veterans' program must be consistent with military recruitment and personnel retention policies.

The Government's obligation to provide readjustment assistance to ex-service men should be related to special needs which result directly from military service and which are not met by other means. It is believed that these benefits should be especially designed to meet the needs of the future rather than merely continuing programs previously employed under specific postwar conditions. With the exception of actual disability, the handicaps resulting from peacetime service are less extensive than the problems associated with wartime service. Therefore a more limited structure of benefits is appropriate. In addition to reduced hazards, and shorter specific periods of service, peacetime service does not interpose itself in the personal, educational, and career plans of individuals with the drastic and preemptory conditions which obtain in wartime.

Among the major readjustment benefits which would be provided under S. 1138 are education and training. Since liability for induction at specified ages will be a constant factor during the period covered by the bill, military service can be incorporated in individual plans well in advance. Selective service policies now promote reasonable integration of schooling with military service. In addition, peacetime military service offers wide opportunities for off-duty education and training. The demand for skilled personnel in the Armed Forces also has increased the scope of on-duty training, and many of the skills thus developed are highly transferable to civilian occupations. As a result of all these factors, it is believed that peacetime service does not create serious educational inequities.

Extension of special educational benefits to peacetime veterans has frequently been urged as a means of fulfilling this country's growing need for more highly skilled personnel. In this connection, it is noted that the 85th Congress enacted the National Defense Education Act which provides a general program of assistance and encouragement to the youth of our country in the field of higher education.

Loan guarantee benefits would also be provided under this bill. However, peacetime military service normally does not constitute a bar to purchase of a home at a reasonable age. Return to civilian life is at an earlier age than for the veterans of World War II. At discharge, peacetime servicemen are well below the usual home-buying age for the general population. Considering the other relatively favorable circumstances of peacetime service, discussed earlier, the peacetime veteran will be sufficiently readjusted to compete on a par with other civilians by the time he enters the housing market. It should also be noted that the supply of housing in relation to demand is much more favorable than after World War II and regular FHA mortgage terms are considerably more liberal. If at the pertinent age peacetime veterans and nonveterans are equally capable of purchasing homes, any future changes in Government-regulated mortgage terms should apply to all on the same basis. This would be not only an equitable but also an effective housing policy.

Mustering-out pay for peacetime servicemen appears to be unnecessary in view of improved military pay scales, liberal leave allowances, and other benefits. In addition, unemployment compensation is now available to post-Korean veterans on a permanent basis.

S. 1138 would provide vocational rehabilitation, an objective which the President recommended in his budget message. The Admin-

istrator of Veterans' Affairs, in his report on S. 1138, suggests the bill be amended to make it consistent with the recommendation that "improved rehabilitation services should be provided for those few peacetime ex-servicemen with substantial service-connected disabilities.

The relationship of the proposed educational and loan benefits to more general programs should be given careful consideration. In the absence of overriding necessity for special aid to ex-servicemen, the Government's educational and housing policies will be more effectively implemented through unified programs which can be readily adapted to changing conditions in the interest of the whole country. Duplicate programs result in waste of resources, slower service, and unequal treatment of similar needs.

Another factor to be considered in the proposed extension of the educational, loan, and mustering-out benefits is the possible adverse effect on our military forces. Effective use of modern weapons and military equipment requires prolonged training, often extending throughout a full tour of duty. Our Armed Forces currently face serious difficulty in retaining the highly skilled personnel essential to our national security. The national interest, therefore, requires continued emphasis on military personnel policies which encourage fully trained men to remain in service. It would be inconsistent with this vital objective to offer at the same time, a series of post-discharge benefits of unestablished essentiality which tend to discourage continuation of service careers.

Accordingly, except for the vocational rehabilitation provision as noted above, enactment of S. 1138 would not be in accord with the program of the President.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, April 20, 1959.

Hon. LISTER HILL,
Chairman, Committee on Labor and Public Welfare,
U.S. Senate.

DEAR MR. CHAIRMAN: I refer to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 1138, a bill to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, and July 1, 1963. The Secretary of Defense has assigned to the Department of the Air Force the responsibility for providing your committee with a report on this legislation on behalf of the Department of Defense.

The purpose of S. 1138 is to extend from January 31, 1955, until July 1, 1963, the period during which personnel in military service can establish eligibility for certain benefits provided by the Veterans' Readjustment Assistance Act of 1952 (now codified in title 38, United States Code). S. 667 and S. 714 are similar bills which were introduced in the 85th Congress.

The question of providing benefits of the type contemplated by S. 1138 to peacetime veterans of the military service was one of the

major topics of consideration of the President's Commission on Veterans' Pensions, established in 1955 with Gen. Omar N. Bradley as Chairman. That Commission in its final report to the President on April 23, 1956, concluded that, in view of the changed character of our national military responsibilities for the foreseeable future, peacetime veterans should not be provided benefits such as were provided to veterans of World War II and the Korean conflict.

The primary reason for offering postservice assistance to the veterans of World War II and the Korean conflict was to assist them in making the transition from a period of military service in time of war or national emergency to civilian life. The Department of Defense believes that to apply this same reasoning to personnel now in service leads to the inference that service in the Armed Forces is something abnormal and undesirable for which a man deserves rehabilitation or extra privileges, and, to that extent, tends to stigmatize a career in the Armed Forces.

The Department of Defense recognizes that S. 1138 involves questions of broad national policy beyond the scope of the Department of Defense. However, it must be pointed out that proposals of this nature have a very definite effect on the ability of the Armed Forces to retain qualified personnel. Programs of educational and vocational assistance encourage personnel to leave military service immediately after accruing the maximum benefits which can be gained. This results in a serious handicap to the Armed Forces in their efforts to attract and retain qualified personnel on a career basis. The Department of Defense has emphasized before that the maintenance of a force-in-being of sufficient strength to assure the peace and security of the Nation without unreasonable expenditures of funds requires that a large percentage of personnel who volunteer for service in the Armed Forces remain there on a long-term basis.

Despite all of the best efforts of the Armed Forces themselves and despite the enactment by the Congress of legislation designed to increase the attractiveness of a career in the Armed Forces, retention of personnel remains one of our most crucial problems. Enactment of a bill reinstituting benefits available only to the person who separates from the service will compromise the effectiveness of the efforts now being directed toward personnel retention.

Extensive studies have been made of the reasons why personnel choose to leave the Armed Forces. In the Department of the Air Force, for example, surveys have revealed that one of the primary reasons for the separation of first-term airmen has been the desire and intention to take advantage of veterans' educational benefits. Attitude surveys conducted in the Air Force during the past 4 years have conclusively established that 45 to 50 percent of all separating first-term airmen leave the service in order to pursue courses of formal education. The problem is further aggravated by the fact that separations to take advantage of educational benefits are significantly higher among technically qualified airmen who are most needed by the Air Force from the standpoint of skill and training, educational and mental levels, and career-field management than among airmen in nontechnical fields who can be more easily replaced.

The Department of Defense provides educational opportunities for personnel serving on active duty. For example, the Air Force education services program is designed to make an Air Force career

more attractive, encourage airmen and officers serving on active duty to raise their educational levels, and to fulfill the Air Force goal of a high school diploma or its equivalent for each airman and a college degree for each officer.

The proposed extension of mustering out pay under section 5 of the bill would apply to all eligible personnel separated from the service regardless of their intentions. Since it would apply both to those who intend to make the service a career and those who intend to leave the service on a permanent basis, no beneficial effects can be visualized while at the same time the cost to the Military Establishment would be excessive.

In view of the foregoing, the Department of the Air Force, on behalf of the Department of Defense, is opposed to enactment of S. 1138. However, should other considerations dictate the enactment of this or similar legislation in the interest of national welfare, the Department of the Air Force recommends that the final termination date for eligibility for educational and vocational training be extended indefinitely for those personnel who have remained continuously in the Armed Forces.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget has advised that there is no objection to the submission of this report and that enactment of sections 2, 4, and 5 of the bill would not be in accord with the program of the President.

Sincerely yours,

LEWIS S. THOMPSON,
*Special Assistant for Manpower,
Personnel and Reserve Forces.*

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
May 29, 1959.

Hon. LISTER HILL,
*Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your requests of March 6 and March 9, 1959, for reports, respectively, on S. 270, a bill to extend the educational provisions of the Veterans' Readjustment Assistance Act of 1952 until such time as existing laws authorizing compulsory military service cease to be effective; S. 930, a bill to extend educational benefits now provided for Korean conflict veterans to persons serving in the Armed Forces after January 31, 1955, and before the termination of compulsory military service under existing laws of the United States; and S. 1138, a bill to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, and July 1, 1963.

These three bills are similar in that they would amend the Veterans' Readjustment Assistance Act of 1952 so as to extend the basic service period of eligibility for educational benefits under the act beyond the date of January 31, 1955, when such basic service period was terminated by Presidential proclamation. S. 270 and S. 930 would amend

title II of the act so as to extend the period of eligibility until such time as existing laws authorizing compulsory military service cease to be effective. S. 1138 would create a new act substantially identical to the 1952 act, except that the period of eligibility would be extended from January 31, 1955, to July 1, 1963.

To the extent that the foregoing proposals raise questions concerning the comparability of benefits to veterans under the Veterans' Readjustment Assistance Act of 1952 and related acts, and concerning the maintenance of an adequate supply of military manpower by the Defense Department, they do not fall within the competence of this Department. On such questions, therefore, we defer to the Veterans' Administration and to the Department of Defense. Our remarks are confined to the educational aspects of the proposed extensions. From this point of view, the Department is unable to recommend enactment of these bills.

The purpose of the educational benefits under the Veterans' Readjustment Assistance Act of 1952 was to provide for "vocational readjustment and restoring lost educational opportunities to those service men and women whose educational or vocational ambitions have been interrupted or impeded by reason of active service in the Armed Forces during a period of national emergency." The Department has no information indicating that the educational or vocational plans of young men are at this time being unduly impeded or interrupted by reason of service in the Armed Forces. In fact, the Department of Defense states that under the Reserve Forces Act of 1955 there are over 30 ways whereby a young man may fulfill his military service obligations, virtually all of which make it possible for an individual to complete his educational program prior to rendering such service. Also, at the present time young men are not being drafted below the age of 22 years, which is above the average age of those graduating from college. Furthermore, the regulations of selective service permit the deferment of military obligation on the part of students capable of meeting certain minimum standards as students in colleges or universities.

It is the view of the Department that the educational and vocational needs of those subject to military service should be considered as a part of the much broader problem which involves the educational needs of all our young men and women and the national requirements for trained manpower. We concur with recommendation No. 54(b) in the final report of the President's Commission on Veterans' Pensions which states:

"Educational benefits for ex-servicemen should not be used, on a long-term basis, as a means for meeting national educational needs. The broader national interest in adequate education, particularly at the higher levels, should be considered on a general basis which will take into account the abilities and needs of all young people, including ex-servicemen. Qualified ex-servicemen competing for Government scholarships, under any future general programs of educational assistance, might properly be given a reasonable preference to offset the handicap they would have in competing with civilians with more recent academic work. Factual data collected by the Commission in its study of special veterans' programs may prove of value to agencies considering our general educational needs, such as the President's Committee on Education Beyond the High School."

These broader needs are being assessed continuously by this Department, as reflected in our recommendations for Federal action to strengthen higher education and to extend the opportunities of youth to obtain a college education. The National Defense Education Act of 1958 authorized programs which will materially advance both these objectives. Our current recommendation for a program of Federal support and assistance to colleges and universities for the construction of needed facilities, as embodied in S. 1017, now before your committee for consideration, is also designed to strengthen higher education in the national interest.

We believe that—in the absence of special considerations such as were created by World War II and the Korean conflict—the educational opportunities of young men who serve in the Armed Forces are not impaired by such service. Accordingly, we believe that broad Federal programs in the field of education should be broadly conceived to serve the needs of all our young men and women and to strengthen education in the national interest. The proposed extension of eligibility for special educational benefits afforded by the Veterans' Readjustment Assistance Act of 1952 would not serve this purpose.

It should be noted that section 3 of S. 1138 would extend the present vocational rehabilitation program for veterans of World War II and the Korean conflict to individuals disabled as the result of military service after January 31, 1955. It is our understanding that the Administrator of Veterans' Affairs has endorsed this extension in principle. We concur in the Administrator's position.

For the reasons set forth above, we recommend that S. 270, S. 930, and S. 1138 not be enacted.

The Bureau of the Budget advises that enactment of these bills would not be in accord with the program of the President.

Sincerely yours,

ARTHUR S. FLEMMING,
Secretary.

SUPPLEMENTAL VIEWS OF SENATOR KENNEDY

I concur with the majority of the committee that some forms of readjustment assistance to peacetime veterans are needed and that the Nation has an obligation to the young men and women who have interrupted their peacetime pursuits to serve their country. I do, however, have reservations about the form in which the educational assistance benefits provided by this bill are to be made available to peacetime veterans.

I am very well aware of the pressing need in this country for well-educated and trained young men and women and I have consistently supported Federal programs which will assist in providing the kinds of trained personnel which the long-term interests of the country demand. However, I believe that the Federal Government's efforts in this regard should be broadened so as to be available to all young men and women in the country regardless of military service. Federal assistance to students, in my opinion, should be directed toward those men and women who show particular talent and who could, as individuals, be expected to derive the greatest benefits from advanced education. The education of this group, moreover, is of particular importance to the Nation. A broad program of Federal assistance to students pursuing courses of higher education is highly desirable and I would firmly support it if it were to be made available to all young people on the basis of their ability.

Recognizing the present need for assistance to students pursuing courses of higher education—veterans and nonveterans alike—I believe that a more beneficial use could be made of Federal funds, if they were directed into a loan guarantee program open to all students. Thus for the same public expenditure, many thousands of students more than the number who would be assisted under this program would be enabled to receive a college education.

I believe that a loan program would better serve the national interest and would benefit thousands of young American men and women now denied an opportunity to develop their talents.

JOHN F. KENNEDY.

ADDITIONAL VIEWS OF SENATOR JAVITS

I voted to report out the bill to get the subject before the Senate as I feel it should, but I reserve the right to support amendments on the Senate floor to perfect it.

I feel that so long as the draft is continued, veterans' benefits should be made available to those who serve in the Armed Forces to compensate for the opportunities lost or deferred at that stage of life. But, these benefits should be geared to the fact that military service at the present time is peacetime service; thus, there is reason why those readjustment assistance provisions should not necessarily be ratable with those provided for wartime veterans. For this reason, I joined in sponsoring the amendment proposed by the Senior Senator from Kentucky, Mr. Cooper, to substitute for section 2 of the bill regarding education subsistence payments, a loan program rather than the grant program provided in the measure reported by the committee.

It must be emphasized in this regard that the Veterans' Readjustment Assistance Act of 1959 is just that, legislation to assist peacetime veterans in readjustment to civilian life, and not an education-aid bill or a wartime veterans' readjustment measure. I feel that some improvement was made in the bill in committee already by striking out section 5 which provided for \$100 mustering-out pay at a cost ranging between \$40 and \$45 million annually.

MINORITY VIEWS

We, the undersigned members of the committee, are opposed to the passage of S. 1138.

This bill, which would provide educational and other readjustment benefits to veterans of peacetime military service, represents a radical departure from the concept of providing veterans of wartime service with readjustment benefits upon their return to civilian life. In effect, S. 1138 would confer upon veterans whose total military service occurred during peacetime, benefits substantially the same as those granted to veterans who served during time of war.

The hazards of war and the other handicaps, experienced by the veterans of World War II and Korea, are not present to the same degree during peacetime. The specific period of peacetime service is generally of shorter duration and in most cases, the veteran knows in advance how long his military service will last. Peacetime veterans, accordingly, are afforded a better opportunity of anticipating the interruption of civilian life and thus are in a position to make the necessary arrangements for minimizing the transition from civilian to military life. In view of the above, the peacetime veteran is able to adjust more readily to civilian life upon discharge than the veterans of World War II and Korea.

As the title of the bill states, S. 1138 is designed to provide readjustment assistance to veterans whose military service occurred between January 31, 1955, the end of the Korean war, and July 1, 1963, the end of the draft. Inasmuch as the total military service of these veterans has, or will occur during peacetime, the same considerations do not exist for affording benefits to this group, comparable to the benefits afforded to wartime veterans. Readjustment assistance should be based therefore on a clear showing of the necessity for such assistance in order to enable peacetime veterans to make a satisfactory return to civilian life.

With respect to the educational and vocational training provisions of the bill, it should be borne in mind that present selective service policies are designed to promote a reasonable integration of schooling plans with military service. The age group from which inductions are now being made is the 23-year-old group and selective service has been very lenient with respect to deferments for those individuals following bona fide educational and vocational training programs. Unlike the veterans of wartime service who were abruptly uprooted from civilian life and inducted into the service with little or no opportunity to plan their educational future, the peacetime veteran is able in most cases to complete his educational or vocational training prior to induction. Therefore, he has little need of readjustment assistance in regard to educational and vocational training.

Another feature of the bill would provide loan guaranty assistance to veterans for the purchase of homes and farms. It was pointed out in the report filed by the Veterans' Administration that the present serviceman, at discharge, is normally well below the usual home-buying age for the general population and his service does not present a substantial obstacle to the acquisition of a home at the time he is ready to enter the housing market. The supply of housing in relation to demand is much more favorable than after World War II and FHA loans are generally available on very liberal terms, especially with

respect to downpayment and the term of the mortgage. Again, it does not appear that the peacetime veteran is in need of any readjustment assistance in the purchase of a home or farm.

In the 85th Congress, substantial portions of the Cordiner report were adopted, the main purpose of which was to induce men to stay in the armed services, and it seems that this proposed legislation would be diametrically opposed to that purpose, inasmuch as it would encourage young men to get out of the service for the purpose of securing the benefits contained in the bill. The committee received adverse reports on this bill from the executive agencies interested in this legislation; namely, Veterans' Administration, Department of Defense, Department of Health, Education, and Welfare, and the Bureau of the Budget.

The only provision of the bill which we heartily endorse is the permanent extension of vocational rehabilitation training to veterans disabled as a result of service. This provision carries out the objective which the President recommended in his budget message earlier this year. Several amendments to the vocational rehabilitation provision, adopted by the committee, make this provision of the bill consistent with the recommendations suggested by the Veterans' Administration.

It should be noted in connection with the consideration of this legislation conferring wartime benefits upon veterans of peacetime service, that veterans of peacetime military service are not now, nor have they been entitled to pensions for non-service-connected disabilities. It has long been the established policy of the Congress to restrict service pensions to veterans of wars and dependents of war veterans.

During past Congresses, legislation has been introduced conferring wartime status on veterans who served during peacetime and were engaged in hostilities in the Moro Province and Mindanao between 1903 and 1914, thus giving these veterans pensions on the same basis as Spanish War veterans. These veterans, although serving during peacetime, were actually engaged in hostilities that had all the elements, hazards, and handicaps of wartime service. Yet, President Roosevelt, in vetoing such a measure, stated on December 8, 1944:

This measure would grant special benefits to a particular group and exclude other members of the Regular Military and Naval Establishments who similarly have been called upon, on numerous occasions, to engage in similar military operations in times of peace. I believe that it is sound in principle to abide by the official beginning and ending dates of wars in providing benefits, heretofore described, and feel that extension of the period to the Philippine Insurrection, beyond that established in conformity with recognized legal precedents, would constitute sufficient deviation from that principle to invite further exceptions for additional groups with service in military occupations, expeditions, or campaigns other than during a period of war.

We fully subscribe to this declaration of policy and firmly believe that it applies equally as well to this legislation.

BARRY GOLDWATER.
JOHN SHERMAN COOPER.
EVERETT MCKINLEY DIRKSEN.

INDIVIDUAL VIEW OF SENATOR GOLDWATER

I am also opposed to the passage of this bill because it is not in line with the President's legislative program. Moreover, frankly, I can see no comparison between peacetime service and wartime service and, therefore, I see no reason for expending public funds to provide benefits to a person who is merely discharging his obligation to his country, without suffering any wartime risks, such as family dislocation, disruption of a business or a professional future, or death or injury from combat.

BARRY GOLDWATER.

SUPPLEMENTAL VIEWS OF SENATOR COOPER

The purposes of S. 1138 are unquestionably good. The education of veterans who have served since the Korean war would contribute to the welfare of the Nation, as well as to their full development as individuals. Many educators have testified to the fact that the veterans of World War II and the Korean war who enjoyed grants under the GI educational programs pursued their studies with seriousness and ability. And it is true that those who serve in the armed services today are responsible for the security of the United States.

For these reasons, it is natural that there should be a sympathetic response to S. 1138. Nevertheless, it is our duty to consider the bill in relation to the larger interests of the country and in relation to the interests of all of our veterans.

Mr. Sumner Whittier, Administrator, Veterans' Administration, in his report to the committee, estimated the cost of education and training benefits provided by S. 1138 would approximate:

1960.....	\$93, 000, 000	1963.....	\$498, 000, 000
1961.....	327, 000, 000	1964.....	506, 000, 000
1962.....	437, 000, 000	1965.....	504, 000, 000

Mr. Whittier further reported:

Fiscal year would be the peak year. After that the annual cost should decline, based on the eligibility period of February 1, 1955, through June 30, 1963.

While S. 1138 provides that the period of eligibility for benefits would expire July 1, 1963, with the end of the draft, it is reasonable to believe that the draft will be extended, and that the programs of S. 1138 will become permanent, at an annual cost of \$500 million.

We must ask, if it is wise—if there are valid reasons to obligate the United States to such great cost.

It is argued on behalf of the bill, that veterans serving in peacetime should be accorded the same treatment as those who served in World War II and the Korean war. There is a distinction, in my view, between those who are called to serve in wartime and those who serve in times of peace. No definite termination of duty was possible for those who served in World War I and World War II, and in World War II many members of the armed services served beyond the maximum 3-year period now required of members of the services. Further, although it is true that many of those who served in World War I, World War II and the Korean war, did not leave the United States or serve in combat, yet they were subject to combat duty at any time, in the war being fought. To that extent their lives were subjected to danger beyond that of their fellow citizens who were not members of the armed services, and beyond that of members of the armed services since the termination of the Korean war. If hostilities should again occur—and we hope not—those who serve in the armed services would undoubtedly be made eligible for the same benefits which the veterans of World War II and the Korean war enjoy.

It is true that for the period of service, draftees and volunteers are away from their homes and are prevented from enjoying the normal activities they might choose—an education, profession, or occupation. On the other hand, the physical and mental training, the opportunity for travel, the discipline which military service provides, the education in working with and leading other men, have distinct value as those who have been in the service know. Military duty is a high obligation of the citizenship of the Nation. Millions of men and women have given up years of their lives, and hundreds of thousands their lives, for the Nation.

The bill must be considered in its relationship to the claims and benefits of veterans who have served the Nation in time of war. In 1959, the Congress appropriated a total of \$5,070,704,000 to the Veterans' Administration for the benefit of all our veterans. Compensations and pensions totaled \$3,252,500,000. Medical care totaled \$878,377,300. At this point I note that veterans who have served since World War II and who are within the provisions of S. 1138 are entitled to many of these benefits.

I point out that the veterans of World War I did not enjoy the benefits provided for the veterans of World War II and the Korean war. Many of them are sick and in need and it seems to me their claims are prior to the claims of those who serve today.

I fear that the additional annual obligation of \$500 million, made necessary by S. 1138, will result in increased opposition to benefits for wartime veterans—many of whom are sick, disabled, and in need.

My final point is that I question an expenditure of \$500 million when we are not certain that an expenditure of over \$40 billion a year is adequate for the security of our country, and for the deterrence of war.

I make these comments with appreciation for the service of all those who are in our Armed Forces. But, they too are citizens of the Nation, and I believe the interest of the Nation as a whole must come first.

JOHN SHERMAN COOPER.

CHANGES IN EXISTING LAW

It is the opinion of the committee that, in order to expedite the business of the Senate, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate with respect to the new chapter 40 proposed to be added to title 38 of the United States Code by the bill S. 1138, and with respect to cross reference and other technical changes in existing law proposed to be made by the bill. Consequently, these proposed changes in existing law are not shown herein. All other changes in existing law made by the bill, as reported, in compliance with such subsection 4, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

TITLE 38. VETERANS' BENEFITS

* * * * *

PART III. READJUSTMENT AND RELATED BENEFITS

CHAPTER 31—VOCATIONAL REHABILITATION

* * * * *

§ 1502. Basic entitlement

[(a) Every World War II or Korean conflict veteran who has a service-connected disability arising out of service during World War II or the Korean conflict which is, or but for receipt of retirement pay would be, compensable under chapter 11 of this title, who is in need thereof on account of such disability shall be furnished such vocational rehabilitation as may be prescribed by the Administrator.]

(a) Every veteran who is in need of vocational rehabilitation on account of a service-connected disability which is, or but for the receipt of retirement pay would be, compensable under chapter 11 of this title shall be furnished vocational rehabilitation as may be prescribed by the Administrator, if such disability—

(1) arose out of service during World War II or the Korean conflict; or

(2) arose out of service either between July 25, 1947, and June 27, 1950, or subsequent to January 31, 1955, and is rated for compensation purposes at 30 per centum or more, or if less than 30 per centum is clearly shown to have caused a pronounced employment handicap.

(b) Unless a longer period is prescribed by the Administrator, no course of vocational rehabilitation may exceed four years.

(c) (1) Vocational rehabilitation may not be afforded after July 25, 1960, to a veteran on account of World War II service, and may be afforded him after July 25, 1956, only if such veteran was prevented from entering, or having entered, from completing such training before July 26, 1956, because—

(A) he had not timely attained, retained, or regained medical feasibility for training because of disability;

(B) he had not timely met the requirement of a discharge or release under conditions other than dishonorable, but the nature of such discharge or release was later changed by appropriate authority; or

(C) he had not timely established the existence of a compensable service-connected disability.

[(2) Vocational rehabilitation may not be afforded a veteran on account of Korean conflict service—

(A) after August 20, 1963, if he was discharged or released before August 20, 1954; or

(B) after nine years following his discharge or release (but in no event after January 31, 1964), if he was discharged or released after August 19, 1954.]

(2) *Vocational rehabilitation may not be afforded a veteran on account of post-World War II service after nine years following his discharge or release, except vocational rehabilitation may be afforded to any person until—*

(A) *August 20, 1963, if such person was discharged or released before August 20, 1954; or*

(B) *nine years after the date of the enactment of the Veterans' Readjustment Assistance Act of 1959 if such person is eligible for vocational rehabilitation by reason of a disability arising from service prior to such enactment either between July 25, 1947, and June 27, 1950, or subsequent to January 31, 1955.*

Notwithstanding the preceding provisions of this paragraph, where a veteran is prevented from entering, or having entered, from completing vocational rehabilitation training, because of one of the reasons set forth in subparagraphs (A) through (C) of paragraph (1), such training may be afforded him during a period of not to exceed four years beyond the period otherwise applicable to him.

[(3) Vocational rehabilitation may not be afforded outside of a State to a veteran on account of Korean conflict service if the veteran, at the time of his service during the Korean conflict, was not a citizen of the United States.]

(3) *Vocational rehabilitation may not be afforded outside of a State to a veteran on account of service after July 25, 1947, if the veteran, at the time of such service, was not a citizen of the United States.*

(d) Vocational rehabilitation may be afforded a veteran under this chapter on account of Korean conflict service, notwithstanding the fact that vocational rehabilitation, or education and training under part VIII of Veterans Regulation Numbered 1 (a), may have been previously afforded him on account of World War II service.

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CHAPTER 37—HOME, FARM, AND BUSINESS LOANS

SUBCHAPTER I—GENERAL

Sec.

- 1801. Definitions.
- 1802. Basic entitlement.
- 1803. Basic provisions relating to loan guaranty.
- 1804. Restrictions on loans.
- 1805. Warranties.

SUBCHAPTER II—LOANS

- 1810. Purchase or construction of homes.
- 1811. Direct loans to veterans.
- 1812. Purchase of farms and farm equipment.
- 1813. Purchase of business property.
- 1814. Loans to refinance delinquent indebtedness.
- 1815. Insurance of loans.
- 1816. Procedure on default.
- 1817. Release from liability under guaranty.
- 1818. *Veterans who serve between January 31, 1955, and July 1, 1963.*

SUBCHAPTER III—ADMINISTRATIVE PROVISIONS

- 1820. Power of Administrator.
- 1821. Incontestability.
- 1822. Recovery of damages.
- 1823. Direct loan revolving fund.
- 1824. Waiver of discharge requirements for hospitalized persons.

Subchapter II—Loans

* * * * *

§ 1818. *Veterans who served between January 31, 1955, and July 1, 1963*

(a) *Each veteran who served on active duty at any time between January 31, 1955, and July 1, 1963, shall be eligible for the benefits of this chapter (except sections 1813 and 1815, and business loans under section 1814, of this title), subject to the provisions of this section, if his total service was for a period of more than 180 days, or if he was discharged or released from a period of active duty, any part of which occurred between January 31, 1955, and July 1, 1963, for a service-connected disability.*

(b) *No veteran shall be eligible for benefits under this section so long as he is eligible under this chapter for any unused benefits derived from service during World War II or the Korean conflict. Any veteran who is eligible for benefits under this section and who has obtained benefits under this chapter by reason of service during World War II or the Korean conflict shall have his benefits under this section reduced by the amount of any benefits previously obtained under this chapter. Benefits shall not be afforded under this section to any individual on account of service as a commissioned officer of the Coast and Geodetic Survey, or the Regular or Reserve Corps of the Public Health Service.*

(c) *Loans may be guaranteed under this section if made before July 1, 1973. If a loan report or application for loan guaranty is received by the Administrator before July 1, 1973, an additional period not to exceed one year will be allowed for disbursement of the loan and the issuance of evidence of guaranty. Direct loans authorized by this section shall be subject to the provisions of section 1811(h) of this title.*

(d) *A fee shall be collected from each veteran obtaining a loan guaranteed or made under this section, and no loan shall be guaranteed or made*

under this section until the fee payable with respect to such loan has been collected and remitted to the Administrator. The amount of the fee shall be established from time to time by the Administrator, but shall in no event exceed one-half of 1 per centum of the total loan amount. The amount of the fee may be included in the loan to the veteran and paid from the proceeds thereof.

(e) There is hereby created a Mortgage Guaranty Fund (hereinafter referred to as the "Fund") which shall be available to the Administrator to carry out the provisions of this chapter with respect to all transactions arising from the guaranty of loans under this section. Fees collected by the Administrator under subsection (d) of this section shall be deposited in the Treasury to the credit of the Fund together with all other moneys received, including those from the management or sale of properties or the liquidation of any security acquired, as a consequence of the guaranty of loans under this section.

(f) The guaranty on any loan made to a veteran which is guaranteed under the provisions of this section shall be payable to the holder under the provisions of this chapter without regard to the amount on deposit to the credit of the Administrator in the Fund. If the balance in the Fund is insufficient at any time to carry out the provisions of this chapter with respect to transactions arising from the guaranty of loans under this section, the Administrator shall use funds appropriated to the Veterans' Administration under the heading of 'Readjustment Benefits' for such purpose, and sums sufficient therefor are hereby authorized to be appropriated. Reimbursement to the appropriation shall be made of the amounts thereof which may have been used by the Administrator for the purposes of the Fund when, and if, in the opinion of the Administrator the balance in the Fund is sufficiently in excess of the probable demands thereon to permit such reimbursement.

(g) From time to time, but not earlier than five years after the termination of authority to guarantee and make loans under this section, the Administrator shall cause to be deposited into the Treasury of the United States, to the credit of miscellaneous receipts, such of the moneys in such Fund as in his judgment are not needed for the purpose for which they were provided. When all claims, expenses, or losses which may arise under the provisions of this chapter with respect to transactions arising from the guaranty of loans under this section have been paid, any balance remaining in the Fund shall be deposited by the Administrator with the Treasurer of the United States to the credit of miscellaneous receipts.

(h) Moneys in the Fund may be invested by the Administrator from time to time in obligations of the United States or obligations guaranteed as to principal and interest by the United States.

* * * * *

§ 1822. Recovery of damages

(a) Whoever knowingly makes, effects, or participates in a sale of any property to a veteran for a consideration in excess of the reasonable value of such property as determined by the Administrator, shall, if the veteran pays for such property in whole or in part with the proceeds of a loan guaranteed by the Veterans' Administration under section 1810, 1812, [or 1813] 1813, or 1818 of this title, be liable for three times the amount of such excess consideration irrespective of whether such person has received any part thereof.

(b) Actions pursuant to the provisions of this section may be instituted by the veteran concerned, in any United States district court, which court may, as a part of any judgment, award costs and reasonable attorneys' fees to the successful party. If the veteran does not institute an action under this section within thirty days after discovering he has overpaid, or having instituted an action shall fail diligently to prosecute the same, or upon request by the veteran, the Attorney General, in the name of the Government of the United States, may proceed therewith, in which event one-third of any recovery in said action shall be paid over to the veteran and two-thirds thereof shall be paid into the Treasury of the United States.

(c) The remedy provided in this section shall be in addition to any and all other penalties imposed by law.



